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"WE BELIEVE IT IS OUR ABILITY TO RESPOND DECISIVELY TO CHANGING MARKET CONDITIONS THAT HAS SET US APART. OUR HISTORY OF MANAGING THROUGH MARKET CYCLES, OUR PREMIUM BRAND, SOUND FINANCIAL POSITION AND DEDICATED AND HIGHLY SKILLED EMPLOYEES ENSURES THAT MIRVAC IS WELL PLACED FOR THE FUTURE."



James MacKenzie
Chairman

Nick Collishaw
Managing Director

CHAIRMAN'S & MANAGING DIRECTOR'S REVIEW

Throughout Mirvac Group's ("Mircac" or the "Group") 37-year history, market cycles have provided different challenges and opportunities and it has been the Group's ability to be realistic, adaptive and responsive to these difficult periods that has ensured Mirvac's continued success.

The 2009 financial year was characterised by a rapid deterioration in global economic conditions. Australia, like all established economies worldwide, has been impacted by the global downturn and has felt the effects of a withdrawal of debt capital from lenders, falling asset values and a rapid decline in consumer confidence. As a result, real estate markets have been one of the hardest hit sectors.

The need to respond decisively and immediately to this challenging environment was imperative to our ongoing success as a leading real estate group.

In August 2008, we delivered the Group's strategy stating that we would simplify operational activities, cut costs and strengthen our balance sheet. Since then, we have undertaken a number of capital management initiatives that have significantly bolstered our financial and liquidity position. We have also simplified the Group's operating model and disposed of a number of non-core activities, realising capital efficiencies.

Our strategy remained focused on our core strengths of owning and managing Australian investment grade properties, which provide stable income streams through our secure tenant covenants, and delivering Australia's pre-eminent residential developments. Importantly, we remained Australian focused with 99.2 per cent of our operations based in Australia.

FINANCIAL RESULTS AND CAPITAL MANAGEMENT

	FY09 operating profit
Investment (MPT and MAM)	\$242.7m
Development	\$29.1m
Investment Management (including Hotels)	(\$28.6m)
Corporate overheads, tax and eliminations	(\$42.4m)
Net profit after tax	\$200.8m
Earnings per security¹	13.4 cpss
Distribution per security	8 cpss

Mircac's full statutory accounts are detailed on page 35.

	FY09
S&P rating	(positive outlook) BBB ²
Total interest bearing debt	\$2,145m
Average borrowing rate ³	6.72%
Weighted average debt maturity	3.3 years
Per cent hedged	60.3%
Weighted average hedged maturity ⁴	6.4 years
Balance sheet gearing	18.7% ⁵
Covenant gearing	34.2% ⁶
Look-through gearing	23.4%

1) Diluted earnings excluding specific non-cash and other significant items.

2) As at 16 July 2009.

3) Includes margins and line fees.

4) Includes bank cancellable swaps and a swaption.

5) Adjusted for retail proceeds from 4 June 2009 Capital Raising, received post 30 June 2009 and USPP debt at hedge rate.

6) Assuming cash on hand utilised to pay down debt, covenant gearing of 24.3 per cent would result.

The operating profit (profit before specific non-cash and other significant items) for the Group was \$200.8 million, which was in line with the guidance provided on 5 November 2008 and high end range guidance provided on 4 June 2009. The statutory net loss after tax for the Group was \$1.08 billion. This loss was impacted by the Investment Division's property revaluations of negative \$487.2 million, and the share of net loss of associates and joint ventures accounted for using the equity method of \$158.0 million. Additionally, the Group impaired goodwill, management rights and other intangibles totalling \$273.6 million and made a provision for loss on inventory of \$186.5 million.

Operating earnings¹ were 13.4 cents per stapled security and the Net Tangible Asset ("NTA") per security was \$1.72.

The 2009 financial results reflect the difficult operating environment and your Board and senior management team spent a considerable amount of time on capital management initiatives to ensure the Group was able to withstand market pressures and continue with its stated strategy.

During the year we revised our distribution policy to distribute only Trust taxable earnings. As stated in our letter to you on 25 March 2009, this decision was not taken lightly. It was considered in the best long-term interest of Securityholders to further preserve capital and increase the strength of the Group's balance sheet and cash flow position during these challenging times. Distributions for the full year totalled 8.0 cents per security. The majority of the A-REIT market has since followed suit in reducing distributions.

In February, we completed the refinancing of our syndicated facility which ensured the Group had a stronger liquidity profile and has allowed us to meet all debt maturities and capital commitments to and currently beyond the 2011 financial year.

We undertook two successful capital raisings during the year; a \$500 million capital raising in November 2008 and a \$1.1 billion capital raising in June 2009. Both were considered necessary to strengthen our balance sheet and ensure the Group was in a position to withstand the challenging market.

The capital raising in June placed Mirvac in the enviable position of being one of Australia's lowest geared REITs at 18.7 per cent and it has positioned the Group with enough flexibility to accelerate delivery of its strategy. This ensures we are in the best possible position to capitalise on opportunities as markets recover.

Post year end, Standard & Poor's recognised the work we had undertaken to strengthen our capital management position and upgraded our credit rating to BBB with a positive outlook.

OPERATIONAL UPDATE

Investment

Mirvac's Investment Division (comprising Mirvac Property Trust ("MPT" or the "Trust") and Mirvac Asset Management ("MAM")) continued to deliver the core earnings for the Group with its strong \$3.7 billion domestic focused property portfolio.

The Investment Division has investments in 58 assets that are well diversified across asset type and geographical location, with weightings to commercial properties (44 per cent of the portfolio) and retail centres (40 per cent of the portfolio), and to the New South Wales and Victorian markets (75.9 per cent of the portfolio). Importantly, commercial supply in these markets has been relatively benign, and therefore the vacancy rate and associated downward pressure on rents are expected to be more contained.

The work our internal leasing team – MAM – undertook during the year ensured the Trust maintained its stable portfolio metrics with secure tenant covenants, minimal lease expiries and a high portfolio occupancy rate of 95.9 per cent.

Our portfolio remains well positioned to deliver the Group's 2010 financial year earnings. Approximately 56.8 per cent of the portfolio's income is derived from leases to tenants from Government, ASX-listed and multinational organisations. Further adding to the security of our earnings, 93.9 per cent of our rent reviews for 2010 financial year are fixed or CPI based.

Our focus for the Investment Division is to secure additional stable recurring income which will be driven by improving the quality and size of our portfolio through redevelopment and acquisition of Australian investment grade assets.

Development

The Development Division's financial performance was impacted by the impairments made to the development inventory. Overall, these impairments brought the carrying value of non-core assets back to disposal value, allowing the Group to exit these projects in the near term. This is in line with our intention to reshape our residential development portfolio and focus on core, large-scale projects – a key competitive strength for us.

Australia's residential market has continued to show considerable resilience in a challenging global economic environment. This has been characterised by low interest rates, an undersupply of housing, strong population growth and increased participation from the First Home Owners market.

During the year, the Development Division continued to deliver outstanding residential projects across New South Wales, Victoria, Queensland and Western Australia. The Division achieved 1,574 lot settlements and secured future income with \$759 million of exchanged contracts.² The Division is currently developing approximately 4,400 lots, representing 17 per cent of our total pipeline of approximately 25,000 lots.

1) Excluding specific non-cash and other significant items.

2) Including Mirvac's share of joint venture interest and Mirvac managed funds.

A key part of the Development Division's success lies in its flexible and adaptable delivery model. Our model allows us to adapt our products to suit rapidly changing market conditions, which has been especially valuable over the past year as we escalated production in our land and housing business to capitalise on the First Home Owners boost stimulus and delayed non-residential developments until market conditions improve.

Our business remains well placed to take advantage of upcoming opportunities as the market recovers. Our strategy is focused on developing large-scale, masterplanned, integrated, generational projects. Key examples of these projects include our developments at Gainsborough Greens in Queensland, Burswood in Western Australia, Rockbank in Victoria and Green Square in New South Wales, where we are the preferred proponent.

Investment Management

Investment Management's (previously referred to as Funds Management) operating performance for the 2009 financial year was impacted by downward pressure on asset revaluations, constrained credit and reduced transactional activity resulting in reduced fee income being received from the funds it manages.

We continued with the rationalisation of the non-core and unscalable funds, exiting from the Domaine funds and the Tourist Park Fund, and entering into a heads of agreement to dispose of the Mirvac Aqua joint venture business.

Our strategy is to ensure Investment Management continues to source capital for our two core divisions – Investment and Development – through the establishment of investment partnerships with major financial institutions and institutional investors. It will continue to deliver and build on its wholesale capital raising capability to support the Group.

Hotel Management

Our Hotel Management business remained one of the leading managers of hotels and resorts in Australia, managing 5,616 rooms across 44 hotels. The business manages properties under a variety of brands, including, The Sebel, Citigate, Marriott, Quay West and Sea Temple.

The challenging economic environment had a negative effect on the hospitality industry in general. However, our well located, well regarded hotels ensured the business unit maintained a steady financial performance.

We have seen that the changed economic conditions have resulted in more opportunities for hotel management contracts as owners look for established hotel operators with strong brands and a track record of producing results.

During the year, the Hotels & Resorts business undertook an additional five new hotel management contracts, and our focus for this business is to expand management contracts in regions across Australia in which our existing brands are under represented.

BOARD CHANGES

In August 2009 we announced the retirement of Rick Turner, a Non-Executive Director, from the Board. Rick has had a long and distinguished career and is highly regarded in the Australian business community.

At 72, Rick has been a Board member for nine years, including his time on the Board of the James Fielding Group, prior to its merger with Mirvac. The Board has benefited greatly from his experience and he has been an invaluable member, overseeing a number of strategic decisions including the recent recapitalisation which has underpinned Mirvac's strengthened financial position. We thank him for his commitment and dedication to the Group.

The search for Rick's replacement is underway with the Board expecting to announce his replacement prior to 31 December 2009.

In August, we also announced the appointment of Sonya Harris as General Counsel and Company Secretary. With over 18 years of experience in the legal industry, Sonya brings her breadth of knowledge in the property industry, and her broad property and commercial legal experience to her role at Mirvac.

REMUNERATION

Recognising the impact on Securityholders over the past year, the annual remuneration review was suspended and no annual bonuses were granted to any employee across the Group.

However, we recognise that the key to our continuing success lies in retaining and attracting high performing people. It is their commitment to achieving the best possible results, and their dedication to the Mirvac philosophy of excellence that has resulted in the Group's achievements during this challenging year.

A key focus for the next financial year is to ensure we retain our staff whilst being fair and realistic about remuneration. Our remuneration policy is detailed on page 12 of this Report.

The Board Human Resources Committee has reviewed the remuneration programs and reaffirmed several important principles. Fixed pay must be fair and consistent with the relevant market. The Short-Term Incentive plan should reward financial and non-financial performance. The Long-Term Performance plan is critical for aligning executives and Securityholders and will continue, pending passage of the relevant Federal Government legislation.

The Group has further bolstered the relationship between performance and remuneration through the implementation of an improved performance appraisal system. All salaried employees will have key performance indicators ("KPIs") established across five critical areas. These are Finance, Strategy, Corporate Responsibility, Customer/Stakeholder and People. These KPIs will be tracked through an online system which will incorporate half and full-year performance appraisals. Outcomes achieved through the performance appraisal system will be one of the primary factors in determining remuneration each year.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

Mirvac's commitment to Corporate Responsibility and Sustainability has not diminished over the past year and it remains a key pillar of our business.

Mirvac's in-house design and development capabilities have resulted in three properties receiving Green Star ratings – 5 Rider Boulevard, New South Wales (4 star Office Design V2); 101 Miller Street, New South Wales (5 star Office Design V2); and the Mirvac designed Bond University Mirvac School of Sustainable Development, Queensland (6 star Education Pilot).

A further three properties achieved official NABERS ratings with one of these, the Sebel Citigate Albert Park awarded 3.5 stars for energy and 4.5 stars for water under the NABERS Hotel Energy and Hotel Water ratings, only the second in Australia to receive this recognition.

We have also continued our collaboration with Bond University in the Mirvac School of Sustainable Development – Australia's first tertiary program in sustainable development. We are proud of our role in establishing the School, whose graduates will be much needed industry leaders in implementing responsible and practical sustainability management initiatives in the business world.

Mirvac has received numerous awards for its corporate responsibility and sustainability performance including the prestigious and highly contested property Council of Australia, 2009 Rider Levett Bucknall Awards for Innovation and Excellence, Award for Sustainable Development for the refurbished 101 Miller Street. Listings were maintained on the FTSE4Good, FTSE4Good Australia 30, Goldman Sachs JBWere Climate Disclosure Leadership and Dow Jones Sustainability Asia Pacific 2008/09 indices.

MIRVAC FOUNDATION

The Mirvac Foundation was established to connect with those most in need in the communities in which the Group operates. The theme the Foundation supports is homelessness – housing and accommodation are the cornerstones of our business and the lifeblood of our culture. The Mirvac Foundation provides funding for and encourages volunteering with selected charities supporting the homeless around Australia. Mirvac has committed to provide salaried employees with one paid volunteering day each year in support of the local community.

OUTLOOK

We are starting to see encouraging signs within the economy as house prices and investment values are stabilising and consumer confidence is increasing.

The fundamentals and resilient nature of our real estate markets have ensured Australian house prices have not fallen like those in the United States and the United Kingdom. Across all our residential projects in Australia, we are seeing an increase in enquiries from second and third home owners, as well as investors, as the potential for capital gain turns to reality.

The strong Mirvac brand and our reputation for quality developments in sought-after locations have reinforced our leading position within the Australian residential market. With approximately \$759 million of exchanged contracts, our Development business remains in a solid position.

Our Investment Trust will continue to underpin the Group's earnings for the 2010 financial year. We have ensured that our assets are well positioned to maximise income growth and value through the active asset management undertaken by our internalised management team.

The pursuit of growth opportunities will remain consistent with our simplified strategy. We will only focus on acquisitions and projects that match our core competencies of ownership and management of investment grade assets, or large-scale development projects.

Fundamentally, we believe it is our ability to respond decisively to changing economic conditions that has set us apart. Our operating model has been streamlined and our focus for the next financial year is to complete the restructuring of the business. We have challenged and changed our business processes and procedures, resulting in over \$25 million of recurring cost savings. We will continue to focus on ensuring our operating model is efficient and able to deliver future opportunities.

Finally, our history of managing through market cycles for some 37 years, our premium brand, sound financial and capital management position and dedicated and highly skilled employees ensures Mirvac is well placed to continue as one of Australia's leading real estate groups.

We thank you for your continued support.



James MacKenzie
Chairman



Nick Collishaw
Managing Director

Mirvac Group comprises Mirvac Limited (ABN 92 003 280 699) and its controlled entities (including Mirvac Property Trust (ARSN 086 780 645) and its controlled entities).

This Financial Report covers both the separate Financial Statements of Mirvac Limited as an individual entity and the Consolidated Financial Statements for the consolidated entity consisting of Mirvac Limited and its subsidiaries. The Financial Report is presented in Australian currency.

Mirvac Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

MIRVAC LIMITED

Level 26, 60 Margaret Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Chairman's and Managing Director's Review on pages 01 to 04 and the Directors' Report on pages 05 to 24, both of which are not part of this financial report.

The financial report was authorised for issue on 25 August 2009. The Directors have the power to amend and reissue the financial report.

Through the use of the internet, Mirvac has ensured that its corporate reporting is timely and complete. All press releases, financial reports and other information are available in the Investor Information Section on the Group's website: www.mirvac.com.

The Directors of Mirvac Limited present their report, together with the consolidated financial report of Mirvac Group for the year ended 30 June 2009.

DIRECTORS

The following persons were Directors of Mirvac Limited during the whole of the financial year and up to the date of this report:

- Mr J A C MacKenzie
- Mr N R Collishaw
- Mr G J Paramor (retired 26 August 2008)
- Mr P J Biancardi
- Mr A G Fini (became non-executive on 1 January 2009)
- Mr P J O Hawkins
- Ms P Morris
- Mr R W Turner

PRINCIPAL ACTIVITIES

The principal continuing activities of Mirvac consist of real estate investment, development, investment management and hotel management. Mirvac has two core divisions, Investment (comprising Mirvac Property Trust and Mirvac Asset Management) and Development (comprising residential and non-residential development), with investment management and hotel management facilitating capital interaction between the two core divisions and undertaking the management of external funds and hotels.

DIRECTORS' REPORT

DIVIDENDS/DISTRIBUTIONS

Dividends/distributions paid to securityholders during the financial year were as follows:

	2009 \$'000	2008 \$'000
June 2008 quarterly dividend/distribution paid on 25 July 2008 8.225 cents (2008: 7.975 cents)	90,555	80,907
September 2008 quarterly dividend/distribution paid on 24 October 2008 5.000 cents (2008: 8.225 cents)	56,768	84,042
December 2008 quarterly dividend/distribution paid on 30 January 2009 2.800 cents (2008: 8.225 cents)	47,508	84,514
March 2009 quarterly dividend/distribution Nil cents (2008: 8.225 cents)	–	89,786
Total dividends/distributions paid	194,831	339,249

The June 2009 quarterly dividend/distribution of 0.2 cents totalling \$3.4 million declared on 30 June 2009 was paid on 31 July 2009.

Dividends and distributions paid and payable by Mirvac for the year ended 30 June 2009 totalled \$107.7 million, being 8.0 cents per fully paid security (2008: \$348.9 million – 32.9 cents per fully paid security).

REVIEW OF OPERATIONS AND ACTIVITIES

The statutory net loss after tax for the Group for the financial year 2009 was \$1.08 billion (2008: net profit \$171.8 million). The operating profit (profit before specific non-cash and other significant items) was \$200.8 million in line with the high range NPAT guidance provided on 4 June 2009 (2008: \$352.2 million).

Operating profit is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards adjusted for specific non-cash items and other significant items such as property revaluations. Management considers operating profit to reflect the core earnings of Mirvac.

The following table summarises key reconciling items between net profit after tax and operating profit.

	2009 \$'000	2008 \$'000
Net (loss)/profit attributable to the stapled security holders	(1,078,101)	171,802
Specific non-cash items		
Net losses/(gains) from fair value of investment properties (excluding owner-occupied)	487,203	(146,270)
Net losses/(gains) on fair value of derivative financial instruments and associated foreign exchange movements	104,003	(51,337)
Expensing of security based payments	7,112	7,127
Depreciation of owner-occupied investment properties, hotels and hotel management lots (including hotel property, plant and equipment)	6,393	6,915
Straight line of lease revenue	(1,297)	(669)
Amortisation of lease incentives	8,320	8,189
Net losses from fair value of investment properties, derivatives and other specific non-cash items included in share of associates losses	150,913	12,074
Net gains from fair value of investment properties, derivatives and other specific non-cash items included in minority interest	(6,256)	(230)
Significant items		
Impairment of investments and loans included in share of net loss of associates and joint ventures	33,225	85,202
Impairment of investments including associates and joint ventures	41,596	76,110
Impairment of loans	42,687	–
Provision for loss on inventory	186,506	219,871
Impairment of goodwill, management rights and other intangibles	273,645	18,910
Net losses from other significant items included in minority interest	(1,029)	–
Tax effect		
Tax effect of non-cash and significant adjustments	(54,168)	(55,453)
Operating profit (profit before specific non-cash and significant items)	200,752	352,241

FINANCIAL HIGHLIGHTS

Mirvac's statutory net loss after tax for the 12 months ended 30 June 2009 was impacted by the Investment Division's property revaluations of \$487.2 million, and the share of net loss of associates and joint ventures accounted for using the equity method of \$158.0 million. Additionally, the Group impaired goodwill, management rights and other intangibles totalling \$273.6 million and made a provision for loss on inventory of \$186.5 million.

Key financial highlights for the 12 months ended 30 June 2009 included:

- Operating earnings of 13.4 cents per stapled security¹
- NTA per security of \$1.72²
- Total assets of \$7.4 billion
- Net assets of \$4.9 billion
- Full year distribution of 8.0 cents per stapled security
- 1,574 total residential lot settlements
- Exchanged contracts of \$759 million for residential development

CAPITAL MANAGEMENT

In August 2008, the Group delivered its strategy to the market stating that it would simplify operational activities, cut costs and strengthen its balance sheet. During the period, the Group undertook a number of significant capital management activities which included:

- successfully completed \$1.1 billion capital raising in June 2009 and \$500 million capital raising in November 2008;
- renewed and extended debt facilities (\$805 million for three years);
- decreased gearing to 18.7 per cent³ and covenant gearing to 34.2 per cent;
- simplified operational processes with recurring costs savings of \$25 million p.a.;
- preserved capital and further strengthened balance sheet with change in distribution policy to Trust taxable earnings; and
- post year end, achieved S&P BBB/A-2 rating.

Following the \$1.1 billion capital raising in June 2009, the Group has fully funded its debt maturities and capital commitments beyond June 2011.

OPERATIONAL HIGHLIGHTS

Investment Division

As at 30 June 2009, the Investment Division (comprising Mirvac Property Trust ("MPT" or "the Trust") and Mirvac Asset Management ("MAM")) had a total portfolio value of \$3.7 billion, with investments in 58 assets, covering the commercial, retail, industrial and hotel sectors, as well as investments in a number of Mirvac's other managed funds.

The Investment Division's statutory net loss before tax was \$546.4 million, and operating profit before tax was \$242.7 million, which was primarily a result of no gain on asset sales made during the period.

Valuations on all of the Division's 58 assets were undertaken during the 12 months to 30 June 2009 resulting in a total revaluation decline of \$526.1 million.⁴ Mirvac's total portfolio weighted average capitalisation rate has increased by 100 basis points to 7.6 per cent. During the year external valuations were undertaken on 45 assets (83.0 per cent of the total portfolio by book value) with the remaining 13 assets internally valued.

Despite the challenging operating environment, the Trust maintained its stable portfolio metrics with secure tenant covenants, minimal lease expiries and high portfolio occupancy of 95.9 per cent. The Trust's earnings are highly visible and secure with 93.9 per cent of FY2010 rent reviews fixed or CPI, and 56.8 per cent of revenue derived from ASX-listed, multinational and government tenants.

MPT's development pipeline remained on track delivering a new commercial building, two refurbished retail shopping centres and an industrial warehouse.

Key highlights in the commercial portfolio for the 12 months ended 30 June 2009 included:

- 80,000 sqm of space leased which included two key renewals across 20,500 sqm;
- 5 Rider Boulevard, Rhodes, was completed. The A-grade building covers 25,000 sqm of lettable area and was fully leased on completion;
- occupancy rate of 98.1 per cent; and
- 5.8 per cent like-for-like income growth.

Key highlights in the retail portfolio for the 12 months ended 30 June 2009 included:

- 45,000 sqm of space leased;
- second stage of Moonee Ponds Central was completed in March 2009. The extension comprises 11,366 sqm of lettable area and is anchored by Kmart and First Choice Liquor;
- occupancy rate of 96.7 per cent; and
- occupancy cost of 13.0 per cent.

1) Diluted earnings excluding specific non-cash and other significant items.

2) NTA based on issued securities, including EIS securities.

3) Adjusted for retail proceeds from 4 June 2009 Capital Raising, received post 30 June 2009 and USPP debt at hedged rate.

4) Gross revaluations including assets classified as owner occupied.

DIRECTORS' REPORT

Key highlights in the industrial portfolio for the 12 months ended 30 June 2009 included:

- 30,000 sqm of space leased;
- Building 5 at Nexus Industry Park was completed in July 2008. The 12,339 sqm facility was fully leased to HPM; and
- occupancy rate of 90.8 per cent.

Operating in this volatile economic environment, the Division remains focused on active asset management, ensuring income security, a balanced lease expiry profile and value maximisation.

The Division's strategy is to increase investment in Australian investment grade commercial and retail property assets focused on the east coast of Australia.

Investment Management

The focus for Mirvac's Investment Management business unit ("MIM") is to support the Group's activities – Investment and Development – and source capital for the two core Divisions through the establishment of investment partnerships with major financial institutions and institutional investors.

The difficult economic climate continued to impact MIM as a whole. A combination of downward pressure on asset valuations, constrained credit and reduced transactional activity has resulted in reduced fee income being received from MIM managed funds.

MIM recorded a statutory net loss before tax of \$221.0 million and a net operating loss before tax of \$42.3 million, which was impacted by the following items:

- \$16.7 million in impairments relating to the Mezzanine Capital Loans;
- \$12.6 million in one-off commitment payments; and
- \$1.9 million of redundancy costs.

Rationalisation of non-core and unscaleable funds continued during the period with:

- Domaine Funds – disposed to Australian Property Growth Fund;
- Mirvac Tourist Park Fund – Deed of Appointment and Retirement has been entered into, and subject to a successful Unitholder Meeting to be held on 3 September 2009, the transfer of management rights to Valuestream Investment Management Limited is expected to take place in mid-September 2009;
- Mirvac Industrial Trust [ASX: MIX] – management are currently reviewing strategies including expressions of interest in connection to a realisation of the Trust's portfolio; and
- Mirvac AQUA – Heads of Agreement has been entered into to dispose of the joint venture.

MIM continues to deliver upon its strategy of simplifying its activities and focusing on its wholesale capital raising capability to support Mirvac's core businesses.

Hotel Management

Hotels & Resorts is a fee-based business with three separate types of management agreements: leasing; management lots; and management agreements. The business unit continued to expand during the period within existing markets bringing the total hotels managed to 44, covering 5,616 rooms across Australasia.

Concern regarding consumer spending, businesses cutting costs on travel and conferences and Influenza A (H1N1) (also referred to as "swine flu") all had a negative influence on demand. Despite these influences, the Group's Hotels & Resorts business unit maintained a steady financial performance.

For the year ended 30 June 2009, Hotels & Resorts achieved a statutory net profit before tax of \$12.3 million and operating profit before tax of \$13.7 million.

During the 12 months to 30 June 2009, the business continued with its strategic expansion of hotel brands into existing markets with the addition of five new hotels under management during the period, including:

- Harbour Rocks Hotel Sydney (55 rooms);
- Hotel Lindum Melbourne (59 rooms);
- The Sebel Harbourside Kiama (88 rooms);
- Quay West Resort & Spa Falls Creek (40 rooms); and
- The Sebel Mandurah Perth (84 rooms).

Hotels & Resorts will continue to increase the number of hotels managed in Australia and New Zealand, focusing on regions which are under-represented by Mirvac's existing brands.

Development Division

The Group's Development Division conducts residential development across New South Wales, Victoria, Queensland and Western Australia. Market conditions remained challenging across all States due to the ongoing affects of the global credit crisis.

The Division's statutory net loss before tax was \$354.7 million and operating profit before tax was \$29.1 million. The Division's results were impacted by the following impairments:

- non-core inventory was written down by \$128.8 million;
- completed and unsold inventory was written down by \$35.2 million;
- core projects were written down by \$22.5 million; and
- loans and investments in joint ventures and associates were written down by \$50.6 million.

Non-core assets were written-down in order to facilitate accelerated disposal. This will enable the repositioning of the portfolio as the Division focuses on generational, large scale projects in line with the Group's strategy.

Despite the negative sentiment, the Division continued to deliver quality residential product resulting in the settlement of 1,574 lots as at 30 June 2009, with strong sales results in the western Sydney projects, following federal and state governments' First Home Buyer stimulus packages.

State based settlements to the 12 months to 30 June 2009:

	House/land	Apartments	Total
NSW	47.5%	11.1%	58.6%
VIC	8.0%	0.3%	8.3%
QLD	7.4%	7.2%	14.6%
WA	11.4%	7.1%	18.5%
Total	74.2%	25.8%	100.0%

The Division secured future income with \$759 million of exchanged contracts (including Mirvac share of joint venture interest and Mirvac managed funds). Key projects included Tennyson Reach in Brisbane, The Royal, Newcastle, Yarra's Edge River Homes, Victoria, Rhodes, in Sydney and Mandurah, Perth.

The Division will continue to focus on delivering Australia's pre-eminent residential developments, and concentrating on large master planned communities and generational projects. Rationalisation of non-core development projects and further refinement of the divisional operating model will allow capital to be repatriated and redeployed into large master planned communities matching the Group's stated strategy.

OUTLOOK

Mirvac continues to focus on its major competitive strength of large-scale, pre-eminent residential developments and the proactive management of Australian investment grade assets.

Mirvac is driving its core businesses with the aim of ensuring it is well positioned to take advantage of opportunities.

ENVIRONMENTAL REGULATIONS

Mirvac and its business operations are subject to compliance with both Commonwealth and State environment protection legislation.

At the Commonwealth level Mirvac has triggered the *Energy Efficiency Opportunities Act 2006 (Cth)* ("EEO") threshold and is required to participate. An EEO Assessment and Reporting Schedule ("ARS") has been approved under Section 16 of the Act and Mirvac is progressing assessments in accordance with the ARS with all Round 1 assessments to be complete by 30 June 2011.

Mirvac has also triggered the participation threshold of the *National Greenhouse and Energy Reporting Act 2007 (Cth)* ("NGER"). NGER requires large energy-using companies to report annually on greenhouse gas emissions, reductions, removals and offsets, and energy consumption and production figures. The first report under NGER is due by 31 October 2009.

To facilitate the above and other voluntary commitments, a Group wide sustainability strategy is in place which sets clear performance objectives, targets and measures that provide the necessary structure for the Group's forward planning and expansion.

The strategy is structured around six sustainability priority areas identified as "most significant" to Mirvac and its stakeholders. The areas are under constant review and improvement:

- Business Conduct – including sustainability in decision making and reporting performance.
- Mirvac People – driving a high performance culture committed to sustainability.
- Stakeholders – meeting needs, engendering loyalty and enhancing communities.
- Supply Chain – balancing financial, environmental and social factors.
- Environmental Impact – minimising Mirvac's impact on the environment.
- Climate Change Action – reduce greenhouse gas emissions and readying Mirvac for a carbon constrained future.

Mirvac is currently actioning more than 100 commitments or performance targets against the above priority areas.

Within Mirvac's Health Safety and Environment performance reporting systems, including internal and external audits and inspections, no incidents of significant harm to the environment occurred. Mirvac's development projects across Australia were issued a total of 23 environmental infringement notices throughout the reporting period with a total value of \$13,300.

The notices related to minor incidents of environmental impact at development sites and included:

- eight instances of inadequate erosion control with the potential to pollute stormwater;
- six instances of inadequate sediment barriers;
- five instances of mud tracked onto public roads;
- two instances of noise emission outside defined hours of work;
- one clean up notice; and
- one instance of inadequate footpath protection.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Directors' experience and areas of special responsibilities

The members of the Board, their qualifications, experience and responsibilities are set out below.

James A C MacKenzie

B.Bus, FCA, FAICD – Chairman – Independent Non-Executive

- Chairman of the Nomination Committee
- Member of the Human Resources Committee

James MacKenzie was appointed to the Mirvac Board in January 2005 and assumed the role of Chairman in November 2005. He is also Chairman of Pacific Brands Limited and Gloucester Coal Limited and a Director of Melco Crown Entertainment Limited.

James led the transformation of the Victorian Government's Personal Injury Schemes as Chairman of the TAC and Victorian WorkCover Authority from 2000-2007. He has previously held senior executive positions with ANZ Banking Group, Norwich Union and Standard Chartered Bank, and was Chief Executive Officer of the TAC. A Chartered Accountant by profession, James was a partner in both the Melbourne and Hong Kong offices of an international accounting firm now part of Deloitte.

Paul J Biancardi

B.Ec, FCA – Deputy Chairman – Independent Non-Executive

- Chairman of the Audit, Risk and Compliance Committee
- Member of the Human Resources Committee
- Member of the Nomination Committee

Paul Biancardi was appointed a Non-Executive Director of Mirvac on 1 July 2001 and was appointed Deputy Chairman in August 2007. He is a former taxation partner of PricewaterhouseCoopers (the current auditors of Mirvac) and was Chairman of Coopers and Lybrand Chartered Accountants from 1994 to 1997. He retired from PricewaterhouseCoopers in 1999.

An experienced accountant, Paul brings extensive knowledge to the Mirvac Board in the areas of finance, taxation and human resources.

Paul is also a former Director of Crescent Capital Partners Limited and is a former Chairman of Hamilton James & Bruce Group Limited.

Nicholas R Collishaw

SA (Fin), AAPI – Managing Director – Dependant

- Member of the Nomination Committee

Nick Collishaw was appointed Managing Director on 26 August 2008. Prior to this appointment he was the Executive Director – Investment management responsible for Mirvac's Investment operations including Mirvac Property Trust, external funds management and Hotels and resorts, having been appointed to the Mirvac Board on 19 January 2006.

Nick has been involved in property and property funds management for over 20 years and has extensive experience in commercial, retail and industrial property throughout Australia. In various roles he has coordinated business acquisitions and investment fund creation, as well as implemented portfolio sales programs and managed large investment acquisitions.

Prior to joining Mirvac in 2005 following its merger with the James Fielding Group, Nick was an Executive Director and Head of Property at James Fielding Group. He has also held senior positions with Deutsche Asset Management, Paladin Australia Limited and Schroders Australia.

Nick is a Director of the Property Industry Foundation.

Adrian G Fini

B.Com – Non-Executive Director – Dependant

Adrian Fini was appointed to the Mirvac Board on 19 January 2006 as an Executive Director and became a Non-Executive Director with effect from 1 January 2009. He was formerly Chief Executive of Mirvac Fini, Mirvac's Western Australian Division, and the Executive Director responsible for Mirvac's Development Division.

Adrian has been involved in property development since 1977 and was appointed Managing Director of the Fini Group in 1994. Following its merger with Mirvac in 2001 he became the Chief Executive of the expanded Mirvac Western Australia business, broadening its development activities in the residential, commercial, industrial, retail and hospitality sectors in Western Australia, as well as integrating that business into the expanded Mirvac.

Adrian is also a Director of Little World Beverages Limited and the Art Gallery of Western Australia.

Peter J O Hawkins

B.CA (Hons), FAICD, SF Fin, FAIM, ACA (NZ) – Non-Executive Director – Independent

- Chairman of the Human Resources Committee
- Member of the Audit, Risk and Compliance Committee

Peter Hawkins was appointed a Non-Executive Director of Mirvac on 19 January 2006, following his retirement from the Australia and New Zealand Banking Group Limited (ANZ) after a career of 34 years. Prior to his retirement, Peter was Group Managing Director, Group Strategic Development, responsible for the expansion and shaping of ANZ's businesses, mergers, acquisitions and divestments and for overseeing its strategic cost agenda.

Peter was a member of ANZ's Group Leadership Team and sat on the Boards of Esanda Limited, ING Australia Limited and ING (NZ) Limited, the funds management and life insurance joint ventures between ANZ and ING Group.

He was previously Group Managing Director, Personal Financial Services, as well as holding a number of other senior positions during his career with the ANZ.

Peter is currently a Director of Visa Inc, Westpac Banking Corporation (and its wholly-owned subsidiary St George Bank Limited), Liberty Financial Services Pty Limited, Treasury Corporation of Victoria, Clayton Utz and Camberwell Grammar School.

Penny Morris

AM, B.Arch (Hons), M.EnvSci, DipCD, FRAIA, FAICD – Non-Executive Director – Independent

- Chairman of the Board Health, Safety, Environment and Sustainability Committee
- Member of the Audit, Risk and Compliance Committee
- Member of the Human Resources Committee

Penny Morris was appointed a Non-Executive Director of Mirvac on 19 January 2006, and has extensive experience in property development and management, having formerly been Group Executive Lend Lease Property Services, General Manager and Director, Lend Lease Commercial and Director of Commonwealth Property within the Federal Department of Administrative Services.

An experienced Director for more than 18 years, Penny has also been a Director of the Colonial State Bank, Australia Post Corporation, Howard Smith Limited, Energy Australia, Indigenous Land Corporation, Country Road Limited, Jupiters Limited, Principal Real Estate Investors (Australia) Limited, Strathfield Group Limited, Landcom and the Sydney Harbour Foreshore Authority.

Penny is currently a Director of Aristocrat Leisure Limited, Clarius Group Limited, NSW Institute of Teachers and Bowel Cancer and Digestive Research Institute Australia.

Richard W Turner

AM, B.Ec, FCA – Non-Executive Director – Independent

- Member of the Audit, Risk and Compliance Committee
- Member of the Human Resources Committee

Rick Turner was appointed a Non-Executive Director of Mirvac on 7 January 2005. Prior to its merger with Mirvac, Rick was a non-executive Director of the James Fielding Group Limited. He is a Chartered Accountant by profession and the former Chief Executive Officer of Ernst & Young, following a career of over 35 years with that organisation until his retirement.

Rick is currently Chairman of HBOS Australia Limited and a Director of Crown Holdings Limited (group), and was formerly a Director of Consolidated Media Holdings Limited (formerly PBL Limited), Bank of Western Australia Limited and a President and Director of the Smith Family. He is also a past Chairman, and is a current Director, of Pain Management Research Institute.

GROUP COMPANY SECRETARY**Michael G A Smith**

B.A, FAID, ACIS – Group Company Secretary

Michael Smith was appointed Group Company Secretary of Mirvac in October 2005. Prior to that he was Company Secretary of Promina Group Limited from its float in 2003 and has also been Company Secretary for Australand Holdings Limited, National Foods Limited and Macquarie Bank Limited.

Michael has extensive experience in legal, risk management, corporate governance, compliance and company secretarial practice for over 25 years in listed and public companies in Australia.

MEETINGS OF DIRECTORS

The number of meetings of Mirvac's Board of Directors and of each Board Standing Committee held during the year ended 30 June 2009 and the number of meetings attended by each Director are detailed below:

Director	Committees									
	Board		Audit, Risk & Compliance		Human Resources		Health, Safety & Environment		Nomination	
	A	B	A	B	A	B	A	B	A	B
J A C MacKenzie	22	22	–	–	5	5	–	–	1	1
G J Paramor (retired 26 August 2008)	1	2	–	–	–	–	–	–	–	–
P J Biancardi	22	22	8	8	5	5	–	–	1	1
N R Collishaw	22	22	–	–	–	–	–	–	1	1
A G Fini	19	22	–	–	–	–	–	–	–	–
P J O Hawkins	22	22	7	8	5	5	–	–	–	–
P Morris	22	22	8	8	5	5	9	9	–	–
R W Turner	22	22	8	8	5	5	–	–	–	–

A) Indicates number of meetings attended during the period the Director was a member of the Board or Committee.

B) Indicates the number of meetings held during the period the Director was a member of the Board or Committee.

DIRECTORS' REPORT

REMUNERATION REPORT

REMUNERATION REPORT

This Remuneration Report is set out under the following sections:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Service agreements
4. Equity instruments held by Key Management Personnel ("KMP")
5. Other benefits
6. Additional information

The information provided in this Remuneration Report has been audited as required by section 308 (3c) of the *Corporations Act 2001*.

1. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The following sections provide information on the Group's approach to remuneration, the structure of remuneration for Directors and KMP and the relationship to Mirvac performance.

a) Remuneration strategy, policies and practices

Mirvac's remuneration strategy creates the platform from which all pay decisions are made. The strategy defines the framework for setting fixed pay and the design parameters of short and long-term incentive programs. The purpose of remuneration at Mirvac is to support the execution of the business strategy. This requires programs that reward annual and long-term value creation and that retain the individuals most capable of delivering successful outcomes for securityholders. Further information on main pay components, comparison to market benchmarks and related performance criteria is provided under the discussion of remuneration structure.

The Human Resources Committee, consisting of five independent, Non-Executive Directors, is responsible for reviewing the remuneration strategy annually. It advises the full Board of Directors on remuneration policies and practices generally, and makes specific recommendations on remuneration packages, incentives and other terms of employment for Non-Executive and Executive Directors, including the Managing Director, as well as KMP.

The Human Resources Committee has access to Mirvac's General Manager, Human Resources and to the advice and data of independent, professional remuneration consultants as required to ensure the Group's base remuneration and incentive scheme practices remain consistent with the Board's remuneration strategy and current market practice, particularly within the industry sectors in which Mirvac operates.

Senior executive remuneration, incentives and other terms of employment are reviewed annually by the Human Resources Committee in conjunction with recommendations made by the Managing Director. The review considers individual results against key performance indicators, relevant business performance, as well as the Group's overall results and returns to its securityholders. The Group's Performance Appraisal system is a core component of its remuneration review. It is used to review past performance and set future objectives and development plans for employees at all levels.

At the beginning of each financial year, clear objectives are set for all employees, in order to provide clarity and focus to the individual and to the organisation as to what is expected to be achieved in the ensuing period.

The objectives used to evaluate Executive Directors and KMP are based on the following Key Responsibility Areas:

- finance;
- strategy;
- customer/stakeholder;
- corporate responsibility; and
- people.

Additional business or divisional specific objectives may also be set by the Managing Director each year, which are also reviewed by the Human Resources Committee. The Committee also sets specific targets and key performance indicators annually for the Managing Director.

Annual recommendations for individuals are submitted by the individual's manager to their manager for approval, ensuring that any pay increases or bonuses have two levels of approval, reducing subjectivity and maintaining relativities. As noted above the remuneration of the direct reports to the Managing Director is reviewed by the Human Resources Committee following review by, and on the recommendation of, the Managing Director.

b) Structure of remuneration

The employee population at Mirvac is segmented into four groups to determine participation in various pay programs as shown in the table below:

Segment	Fixed pay	Short-term incentives	Long-term performance rights	Long-term performance options
Senior executives	✓	✓	✓	✓
Executives	✓	✓	✓	
Managers	✓	✓		
Staff	✓	Eligible for discretionary bonus only		

Remuneration approaches vary between these levels in order to recognise their relative impact on Mirvac's performance and differences in market pay practices as follows:

- KMP, other senior executives and executives are eligible, at the discretion of the Human Resources Committee, to participate in the Short-Term Incentive ("STI") plan, and the Long-Term Incentive ("LTI") plan. The LTI plan is limited to these two segments because they have the largest strategic impact on the long-term success of Mirvac. Along with driving performance, the LTI plan is also necessary to facilitate executive security ownership;
- managers are eligible for the STI plan based on their responsibility for achieving annual objectives; and
- remaining staff will be eligible for a discretionary bonus where management recognises that exceptional individual performance has been achieved.

To assess market pay practices and quantum, Mirvac refers primarily to an Australian REIT peer group and secondly to general industry peer group based on market capitalisation size.

The Board has approved the following approach to determining Mirvac pay levels compared to the market:

- fixed pay is targeted at the median of peer market data, recognising that differences in the scope of each role and individual performance will allow fixed pay to be in a range from below median (e.g. in the case of recent promotions) to above median for consistently high performers;
- STI are positioned to deliver market median reward for "at target" performance and above market median reward for truly outstanding performance; and
- LTI are also positioned to deliver market median reward for "at target" performance and above market median reward for truly outstanding performance.

Further information on these three distinct components is described in the following sections.

i) Fixed pay

The key drivers of fixed pay are:

- individual appraisal based on the Performance Appraisal system; and
- the competitive market environment for the individual's skills and capabilities or the role the individual performs.

Fixed pay comprises base salary plus statutory superannuation contributions. Employees also have the opportunity to sacrifice some of their base salary for additional voluntary superannuation contributions and / or novated leases for motor vehicles.

Executives have the flexibility to allocate a portion of their base salary to certain other benefits. In such circumstances, the executive is also charged any resultant Fringe Benefits Tax so that there is no additional cost to Mirvac in allowing the executive to take the particular benefit.

ii) STI

The key drivers of the annual STI awards are:

- performance of the Group overall, measured against pre-determined targets such as profitability, return on equity and operating cash flow; and
- an individual's contribution to the Group or business unit's financial performance as well as their own performance in meeting or exceeding pre-determined objectives as measured during the Performance Appraisal process.

Short-term variable remuneration consists of an annual incentive payment as a cash bonus. The Group holds a significant portion of total remuneration as variable and "at risk" if performance criteria are not met or exceeded each year. STI outcomes can range from zero per cent to double the established target depending upon results. The Managing Director's participation is conditional upon Mirvac achieving a predetermined profit target.

DIRECTORS' REPORT

REMUNERATION REPORT

Recognising the decreased financial performance of the Group and the impact on securityholders, no STI award was made for financial year 2009. The maximum opportunity as a percentage of fixed pay for Executive Committee members for the 2009 financial year was as follows:

	STI		
	Maximum STI % of fixed remuneration	STI included in remuneration \$	STI achieved % of potential maximum
Executive Director			
N Collishaw	150%	–	–
Other Key Management Personnel			
E Campbell	120%	–	–
J Carfi	120%	–	–
G Collins	120%	–	–
B Draffen	140%	–	–
G Flowers	100%	–	–
C Freeman	120%	–	–
G Hodgetts	120%	–	–
J Mitchell	100%	–	–
A Turner	120%	–	–
M Wallace	120%	–	–

iii) Long-term variable remuneration

Long-Term Performance ("LTP") plan (current plan)

Mirvac's current LTP scheme was introduced in financial year 2008 following approval by securityholders at the 2007 Annual General Meeting/General Meeting.

This plan applies to the Managing Director, Executive Directors, senior executives and other executive employees only for reasons stated above.

Under this plan participants are offered performance rights over Mirvac's stapled securities which can only be exercised if certain performance conditions are achieved over a three year period. For the Managing Director, Executive Directors and senior executives a portion of this award also comprises options over Mirvac's stapled securities. Grants of options will be limited to these employees only as they have the greatest capacity to drive the growth of the Group. If the performance rights and options, or a portion of each, vest and are exercised, entitlements will be satisfied by either an allotment of new securities or by purchase on market of existing securities, at the Board's discretion. Non-Executive Directors are not eligible to participate in this LTP plan. No loans have been made to participants under this plan.

The Board determined, on the recommendation of the Human Resources Committee, that the performance condition to apply to the vesting of the grants made during the financial year 2009 would be Relative Total Securityholder Return ("TSR"). For prior year grants, both TSR and absolute compound Earnings per Security ("EPS") growth were used. The use of EPS was discontinued for this grant to reflect the increased focus on delivering securityholder value creation during the performance period. Relative TSR continues to be the most objective measure of total value creation delivered to securityholders.

The Board reviews the performance conditions annually to determine the appropriate hurdles based on Mirvac's strategy and prevailing market practice. Future grants may be based on different performance metrics, as dictated by business need. For the anticipated financial year 2010 grant, the Board is intending to implement a Return on Equity ("ROE") hurdle along with the continued use of TSR. The use of ROE will emphasise the medium to long-term focus on the efficient use of capital.

For the financial year 2009 grant, entitlements to the performance rights and to exercise the options will only be based on the following vesting schedule:

Performance level	Relative TSR (percentile)	% of securities subject to this criterion to vest
< Threshold	< 50th	Nil
Threshold	50th	50
Threshold – Maximum	50th to 75th	Pro-rata between 50 and 100
Maximum	75th and above	100

For the financial year 2009 grant companies comprising the Comparator Group for assessing relative TSR performance are shown in the table below:

LTP Plan FY2009 TSR Peer Group		
Number	Symbol	Company
1	ABP	Abacus Property Group
2	AEZ	APN/UKA European Retail Property Group
3	ALZ	Australand Property Group
4	BJT	Babcock & Brown Japan Property Trust
5	BWP	Bunnings Warehouse Property Group
6	CNP	Centro Properties Group
7	CER	Centro Retail
8	CFX	CFS Retail Property Trust
9	CPA	Commonwealth Property Office Fund
10	DXS	Dexus Property Group
11	GMG	Goodman Group
12	GPT	GPT Group
13	FKP	FKP Property Group
14	IIF	ING Industrial Fund
15	IOF	ING Office Fund
16	LLC	Lend Lease Corporation Limited
17	MCW	Macquarie Countrywide Trust
18	MDT	Macquarie DDR Trust
19	MOF	Macquarie Office Trust
20	SGP	Stockland
21	TSO	Tishman Speyer Office Fund
22	VPG	Valad Property Group
23	WDC	Westfield Group

The term of the performance rights is ten years and of the options five years. However if the performance rights and options do not vest at the end of the three year performance period, they will lapse. Participants are prohibited from hedging both their unvested or vested performance rights and options. Directors have also indicated that there is no intention to re-test the performance conditions in the future.

As at 30 June 2009, 9,923,912 (2008: 2,910,520) performance rights and 10,464,491 (2008: 4,246,500) options had been issued to participants under the plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options as a result of termination of employment. No performance rights or options vested during the year to 30 June 2009 (2008: nil).

DIRECTORS' REPORT

REMUNERATION REPORT

In valuing options/rights, key inputs for the financial year 2009 grant are as follows:

	Performance options	Performance rights
Grant date	21 August 2008	21 August 2008
Performance hurdle	Relative TSR	Relative TSR
Performance period start	1 July 2008	1 July 2008
Performance testing date	30 June 2011	30 June 2011
Expiry date	26 September 2013	26 September 2018
Share price at grant date	\$2.71	\$2.71
Exercise price	\$2.77	Nil
Expected life	4.0 years	2.9 years
Volatility	33%	33%
Risk free interest rate	5.61%	5.58%
Dividend yield	7.1%	7.1%

Superseded plans

Two previous LTI plans were closed for new grants with the introduction of the current plan in 2007. Trading windows and hedging rules apply to securities under these plans.

– Employee Incentive Scheme

Until 2006, Mirvac's long-term variable remuneration for employees was its Employee Incentive Scheme ("EIS"). The EIS, which was open to all permanent employees, was designed to widely share the benefits of the Group's performance through the provision of loans to purchase Mirvac stapled securities. Allocations were made annually, were unrestricted and fully vested on allotment. The loans were repayable via distributions received on the securities or upon their sale. Loans were provided on a recourse basis to Executive Directors but were provided on a non-recourse basis to other participants in the scheme. If the loan value is greater than the value of securities, the remaining balance is written off and the securities are forfeited.

The EIS scheme was closed to new participants in 2006 as it was no longer considered to be consistent with market practice but existing arrangements remain in place until all current loans are repaid.

– LTI plan

A revised LTI plan was introduced in 2006 and approved by securityholders at the Group's 2006 Annual General Meeting/General Meeting. Participation in the plan was open to the Managing Director, Executive Directors, other executives and eligible employees. Under this plan, participants were offered a loan, calculated as a percentage of a participant's pay component, which was applied to fund the acquisition of Mirvac's stapled securities at market value.

The term of the loan is eight years. Any loan balance outstanding at the end of the eighth year must be repaid at that time. The loan is reduced annually by applying the after-tax amounts of any distributions paid by Mirvac to the outstanding principal. The loans are interest free and non-recourse over their term.

Two performance conditions must be met before the securities acquired under the plan vest in full with the participant: Relative TSR and Absolute EPS growth.

The satisfaction of each condition is given an equal weighting in terms of the total number of securities that may vest (i.e. 50 per cent of the total securities held by a participant is subject to each performance condition).

TSR performance condition

An entitlement to vesting of the securities will only occur if Mirvac's TSR ranking is at or above the 50th percentile of the comparator group (being the entities that comprise the ASX/S&P 200 Property Trust Accumulation Index) over a three year period as detailed in the vesting schedule below:

Performance level	Relative TSR (percentile)	% of securities subject to this criterion to vest
< Threshold	< 50th	Nil
Threshold	50th	50
Threshold – stretch	50th to 75th	Pro-rata between 50 and 100
Stretch	75th and above	100

EPS performance condition

An entitlement to vesting under this condition will only occur when Mirvac's EPS growth reaches 4 per cent compound over a three year period, detailed in the table below:

Performance level	Absolute EPS growth (compound)	% of securities subject to this criterion to vest
< Threshold	< 4%	Nil
Threshold	4%	50
Threshold – stretch	4% to 9%	Pro-rata between 50 and 100
Stretch	9% and above	100

On vesting 53.5 per cent of the original loan to fund the purchase of the vested securities will be waived. The remaining balance of the loan would continue to be reduced by after tax distributions until either the loan has been fully repaid or the eight year term expires, whichever occurs first.

If securities do not vest at the end of the three year period, they will be sold with the net proceeds payable to Mirvac. Participants in such circumstances would retain a sufficient portion of the sale proceeds to cover any tax liability arising from the sale of the securities.

If a participant terminates their employment after securities have vested, any outstanding loans will have to be repaid in full immediately or the underlying securities will be forfeited. Any unvested securities must be sold with the proceeds payable to the Group.

Other than the securities that vested for a qualifying reason, no other securities issued under this plan vested during the year to 30 June 2009.

The EIS scheme and its replacement the LTI plan introduced in 2006 are both closed to new participants and will remain in "run-off" mode until all loans made under each arrangement are extinguished. As at 30 June 2009, 2,817,308 (2008: 3,064,527) securities remain on issue under the 2006 plan.

iv) Retention programs

Special retention programs have been used in the past on a case-by-case basis as determined necessary by the Board Human Resources Committee, including selected KMP and other senior executives in the current financial year. These programs have taken the form of personal secured property loans or special equity grants of performance rights. The loans are interest-free and include provision for some or all of debt to be waived, typically based on service. Special equity grants were based on service alone, or included specific performance hurdles relevant to the individual's role.

When awarded, the annual retention value to the individual is offset against the value of the individual's LTI grant in each year until the retention program is complete, such that the individual's annual total maximum remuneration each year does not change. As such, any retention grant replaces a portion of the LTI award, consistent with participants having already been identified as crucial to long-term securityholder value.

During financial year 2009, several employees were invited to participate in an interest-free loan program which has since been closed to further entry, consistent with Mirvac's intention to eliminate the use of loan plans as part of employee reward. The amounts of the loans range from \$500,000 to \$2,000,000 and must be secured against property. The loan was granted on a full recourse basis. A progressively increasing forgiveness schedule allows for no more than 50 per cent of the total loan balance to be forgiven after five years of continued service. Participants have 12 months from the end of the fifth year to repay the balance due and interest is payable during this time.

c) Non-Executive Directors' remuneration

Mirvac Limited's Constitution provides that Non-Executive Directors are entitled to such remuneration as they determine, but that the total amount provided to all Directors (excluding the Managing Director and any Executive Directors) for their services as Directors must not exceed in the aggregate in any financial year the sum from time to time determined by securityholders in a general meeting. At the 2008 Annual General Meeting/General Meeting, securityholders approved an increase in this aggregate amount from \$1,200,000 to \$1,450,000 per annum.

Mirvac's Non-Executive Directors currently receive a base fee, plus fees for serving on the Audit, Risk and Compliance, and Human Resources Committees. The Chairs of each of these Committees receive an additional amount in recognition of the greater responsibility these positions demand.

However with effect from 1 July 2008 Non-Executive Directors were permitted to sacrifice some or all of their fees, on a monthly basis, to acquire Mirvac securities on market on a set trading day each month.

Mr Turner also received a fee for serving on the Board of the responsible entity for a number of registered trusts and schemes operated by Mirvac's Investment Management Division. This fee is paid by a subsidiary entity within the Group.

Members of the Audit, Risk and Compliance Committee ("ARCC") each receive an additional fee of \$15,000 per annum for also acting as the ARCC for responsible entities of a number of registered trusts and schemes operated by the Investment Management Division. These additional fees are paid by subsidiary entities within the Group.

Non-Executive Directors have not received any fees in addition to those described above in respect of any other duties performed or services provided within the scope of the ordinary duties of a Director, do not receive bonuses or any other incentive payments or retirement benefits and are not eligible to participate in any of the executive or employee security acquisition plans established by the Group. However Non-Executive Directors are reimbursed for expenses properly incurred in performing their duties as a Director of Mirvac.

DIRECTORS' REPORT

REMUNERATION REPORT

d) Relationship between remuneration policy and Mirvac performance

The global financial crisis continues to impact Mirvac, industry peers and the broader Australian economy. A challenging business environment, coupled with the stress of the reduction in available debt, has lead to lower profits and distributions to securityholders. Recognising the reality of this difficult operating environment, it has been agreed with the Board to suspend fixed pay increases and bonus awards for the current remuneration cycle. This understanding applies to all salaried staff, including the senior executive team. There will only be very limited circumstances where a pay adjustment may be made to reflect a significant role change. The LTI plans are tied directly to objective hurdles and will only vest when those performance criteria are met or exceeded. A summary of vesting under Mirvac's performance-hurdled equity grants is shown in the table:

Grant	Performance hurdle	Test date	Per cent vested at 30 June 2009	Value ¹ of vested securities at 30 June 2009
FY2007 LTI ²	TSR & EPS	30 June 2009	37%	(\$1,159,630) ³
FY2008 LTP	TSR & EPS	30 June 2010	0%	\$0
FY2009 LTP	TSR	30 June 2011	0%	\$0

1) Value is the number of securities in the scheme multiplied by the unit price at 30 June, net of loans outstanding.

2) Negative amount reflects associated loan being greater than the underlying value of vested securities.

3) Include all participants of the scheme.

The table below provides summary information regarding the Group's earnings and securityholder's wealth for the five years to June 2009:

	2009	2008	2007	2006	2005
Operating earnings (\$'000)	200,752	352,241	319,063	274,431	194,800
Statutory net profit (\$'000)	(1,078,101)	171,802	556,056	441,094	244,459
Distributions paid (\$'000)	194,831	339,249	300,735	274,343	251,157
Security price at 30 June (\$)	1.08	2.96	5.70	4.35	3.57
Operating EPS – diluted (cents)	13.4	33.4	33.0	31.6	24.9
Statutory EPS – basic (cents)	(65.2)	14.9	58.7	52.2	32.1

There have been no returns of capital to securityholders in the last five years.

e) Other equity schemes in Mirvac

Mirvac has in operation a general employee exemption plan whereby offers are made to eligible Australian based employees (but not to Non-Executive Directors) to acquire Mirvac stapled securities to a value of \$1,000 per annum tax free. Securities acquired under this plan must be held for a minimum of three years (or earlier at cessation of employment with the Group) during which time the securities are subject to a restriction on disposal but otherwise holders enjoy the same rights and benefits as other holders of Mirvac's stapled securities. As at 30 June 2009, 1,614,783 stapled securities (2008: 664,588) have been issued to employees under this general employee exemption plan. No securities have subsequently been issued in the period from 30 June 2009 to the date of this Report.

No other equity acquisition schemes are in operation in Mirvac as at 30 June 2009.

2. DETAILS OF REMUNERATION

Details of the remuneration of each Director and the KMP (as defined in AASB 124: Related Party Disclosures) of Mirvac are set out in the following tables. The KMP of the parent entity and of the Group include members of the Executive Committee and who had authority and responsibility for planning, directing and controlling the activities of the Group.

This includes the 12 Group Executives who received the highest remuneration for the year ended 30 June 2009. These Executives are:

- E Campbell – Chief Executive Western Australia
- J Carfi – Chief Executive New South Wales
- G Collins – Chief Executive Victoria
- B Draffen – Chief Executive Development – Australia
- G Flowers – General Manager Operations (appointed 1 September 2008)
- C Freeman – Chairman, Mirvac UAE, UK and Queensland Development
- A Harrington – Joint Chief Executive Investment Management (until 31 December 2008)
- G Hodgetts – Joint Chief Executive Investment Management
- J Mitchell – Chief Financial Officer
- T Regan – Chief Operating Officer (until 31 August 2008)
- A Turner – Chief Executive Hotels
- M Wallace – Chief Executive Queensland

		Short-term benefits				Post-employment	Share-based payment			Other long-term benefits	Termination benefits ⁷	Total
		Cash salary and fees ¹	STI ²	Non-cash benefits ³	Employee loan ⁴	Super contributions	Value of options ⁵	Value of rights ⁵	Value of issued securities ⁵	Long service leave ⁶		
2009	Note	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Directors												
N Collishaw		1,837,529	–	–	167,903	13,745	300,188	423,475	30,996	32,995	–	2,806,831
A Fini	8	403,133	–	3,081	270,224	19,367	10,848	5,382	30,996	–	625,000 ¹⁵	1,368,031
G Paramor	11	393,398	–	3,524	–	15,727	30,509	15,137	131,989	–	2,000,000	2,590,284
Non-Executive Directors												
P Biancardi	9	178,173	–	–	–	91,827	–	–	–	–	–	270,000
A Fini	8	74,064	–	3,081	–	3,436	–	–	–	–	–	80,581
P Hawkins	9	190,553	–	–	–	9,877	–	–	–	–	–	200,430
J MacKenzie		406,255	–	–	–	13,745	–	–	–	–	–	420,000
P Morris	9	185,000	–	–	–	–	–	–	–	–	–	185,000
R Turner	9, 10	226,248	–	–	–	18,752	–	–	–	–	–	245,000
Other Key Management Personnel												
E Campbell		600,000	–	6,162	151,783	50,000	77,383	103,323	12,997	10,569	–	1,012,217
J Carfi		584,393	–	–	193,976	13,745	50,375	82,674	12,247	9,708	–	947,118
G Collins		636,255	–	62,649	151,783	13,745	77,383	103,323	17,872	10,568	–	1,073,578
B Draffen		841,255	–	–	76,773	13,745	96,948	130,673	23,497	13,973	–	1,196,864
G Flowers	12	368,657	–	–	–	48,309	26,281	38,860	998	8,076	–	491,181
C Freeman		667,672	–	48,598	73,702	98,473	–	213,905	27,246	12,480	–	1,142,076
A Harrington	13	430,431	–	133,947	–	6,872	(9,793)	(15,182)	–	–	1,086,708	1,632,983
G Hodgetts		474,857	–	10,047	–	100,000	70,273	93,343	19,747	8,290	–	776,557
J Mitchell		636,255	–	–	–	13,745	58,006	78,998	13,597	10,568	–	811,169
T Regan	14	137,986	–	–	–	3,436	(57,126)	(73,077)	(44,997)	–	718,057	684,279
A Turner		472,255	–	–	142,626	77,745	60,103	78,852	19,747	7,910	–	859,238
M Wallace		526,680	–	7,434	151,783	13,745	45,988	75,650	9,997	8,748	–	840,025
Total		10,271,049	–	278,523	1,380,553	640,036	837,366	1,355,336	306,929	133,885	4,429,765	19,633,442

- 1) Salary and wages includes accrued annual leave paid out as part of salary and salary sacrifice amounts.
- 2) Bonuses relate to amounts accrued for the relevant financial year.
- 3) Non-monetary benefits include car parking and relocation costs and are inclusive of related Fringe Benefits Tax.
- 4) Employee loans are interest free and provided for personal use (excludes EIS loans). Compensation includes amounts forgiven during the year, imputed interest and related Fringe Benefits Tax.
- 5) Valuation of options, rights and securities is conducted by an external accounting firm. Negative amounts relate to forfeiture of some or all participation in equity plans due to terminations. Refer to note 34(f) for details.
- 6) Long service leave relates to amounts accrued during the financial period.
- 7) Termination benefits include annual leave and long service leave paid on termination.
- 8) Remuneration for A Fini has been shown separately for his change of role from Executive Director to Non-Executive Director on 1 January 2009.
- 9) Messrs Biancardi, Hawkins and Turner and Ms Morris received additional fees of \$15,000 each per annum for serving on the ARCC for various responsible entities and their respective trusts and schemes within Mirvac's Investment Management Division. This additional fee is included in each Director's total remuneration details above but does not form part of the pool of fees approved by Mirvac Limited's securityholders to Directors for the services provided as Directors of Mirvac Limited.
- 10) Mr Turner also received \$60,000 during the year for serving as a Non-Executive Director on the Boards of various responsible entities within Mirvac's Investment Management Division, which is included in the above remuneration details for Mr Turner but does not form part of the pool of fees approved by Mirvac Limited's securityholders to Directors for services provided as Directors of Mirvac Limited.
- 11) Remuneration for G Paramor is from 1 July 2008 to his retirement on 26 August 2008.
- 12) Remuneration for G Flowers is from appointment on 1 September 2008.
- 13) Remuneration for A Harrington is from 1 July 2008 to his termination on 31 December 2008.
- 14) Remuneration for T Regan is from 1 July 2008 to his termination on 31 August 2008.
- 15) Payments made on resignation as an employee.

DIRECTORS' REPORT

REMUNERATION REPORT

Remuneration related to performance

	Notes	Total remuneration \$	Remuneration related to performance				Performance related remuneration as % of total	Value of options granted as % of total
			STI \$	Value of options \$	Value of rights \$	Value of issued securities \$		
2009								
Executive Directors								
N Collishaw		2,806,831	–	300,188	423,475	30,996	27%	11%
A Fini	1	1,368,031	–	10,848	5,382	30,996	3%	1%
G Paramor	2	2,590,284	–	30,509	15,137	131,989	7%	1%
Non-Executive Directors								
P Biancardi		270,000	–	–	–	–	–	–
A Fini	1	80,581	–	–	–	–	–	–
P Hawkins		200,430	–	–	–	–	–	–
J MacKenzie		420,000	–	–	–	–	–	–
P Morris		185,000	–	–	–	–	–	–
R Turner		245,000	–	–	–	–	–	–
Other Key Management Personnel								
E Campbell		1,012,217	–	77,383	103,323	12,997	19%	8%
J Carfi		947,118	–	50,375	82,674	12,247	15%	5%
G Collins		1,073,578	–	77,383	103,323	17,872	18%	7%
B Draffen		1,196,864	–	96,948	130,673	23,497	21%	8%
G Flowers	3	491,181	–	26,281	38,860	998	13%	5%
C Freeman		1,142,076	–	–	213,905	27,246	21%	–
A Harrington	4	1,632,983	–	(9,793)	(15,182)	–	–2%	–1%
G Hodgetts		776,557	–	70,273	93,343	19,747	24%	9%
J Mitchell		811,169	–	58,006	78,998	13,597	19%	7%
T Regan	5	684,279	–	(57,126)	(73,077)	(44,997)	–26%	–8%
A Turner		859,238	–	60,103	78,852	19,747	18%	7%
M Wallace		840,025	–	45,988	75,650	9,997	16%	5%
Total		19,633,442	–	837,366	1,355,336	306,929	13%	4%

- 1) Remuneration for A Fini has been shown separately for his change of role from Executive Director to Non-Executive Director on 1 January 2009.
- 2) Remuneration for G Paramor is from 1 July 2008 to his retirement on 26 August 2008.
- 3) Remuneration for G Flowers is from appointment on 1 September 2008.
- 4) Remuneration for A Harrington is from 1 July 2008 to his termination on 31 December 2008.
- 5) Remuneration for T Regan is from 1 July 2008 to his termination on 31 August 2008.

		Short-term benefits				Post-employment	Share-based payment			Other long-term benefits	Total
		Cash salary and fees ¹	STI ²	Non-cash benefits ³	Employee loan ⁴	Super contributions	Value of options ⁵	Value of rights ⁵	Value of issued securities ⁵	Long service leave ⁶	
2008	Note	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Executive Directors											
G Paramor		1,804,062	–	1,100	–	96,718	572,644	161,248	144,395	31,885	2,812,052
N Collishaw		892,951	250,000	3,300	–	13,129	203,606	57,331	33,650	16,448	1,470,415
A Fini		799,307	–	6,457	316,452	38,193	203,606	57,331	33,650	13,448	1,468,444
Non-Executive Directors											
P Biancardi	8	169,521	–	–	–	99,960	–	–	–	–	269,481
P Hawkins	8	186,871	–	–	–	13,804	–	–	–	–	200,675
J MacKenzie	8	382,000	–	39,375	–	38,000	–	–	–	–	459,375
P Morris	8	170,000	–	–	–	–	–	–	–	–	170,000
R Turner	8, 9	280,000	–	–	–	25,000	–	–	–	–	305,000
Other Key Management Personnel											
E Campbell		507,359	100,000	47,779	121,210	13,129	111,347	31,356	14,107	9,081	955,368
J Carfi	7	82,388	62,500	2,614	15,767	–	–	2,239	2,202	1,392	169,102
G Collins		512,643	100,000	44,990	121,061	13,129	111,347	31,356	19,319	9,143	962,988
B Draffen		622,391	150,000	56,360	67,758	13,129	127,256	35,835	25,507	12,453	1,110,689
C Freeman		749,698	–	3,941	292,022	15,302	–	–	29,579	12,506	1,103,048
A Harrington		587,662	75,000	43,251	–	19,694	127,256	35,835	19,324	10,748	918,770
G Hodgetts		409,623	100,000	35,970	–	79,407	106,045	29,863	21,354	7,151	789,413
J Mitchell		433,507	100,000	30,654	–	13,129	67,870	19,112	14,677	8,473	687,422
T Regan		614,760	–	23,991	–	13,129	137,859	38,820	25,507	10,615	864,681
A Turner		414,751	50,000	–	169,067	77,129	100,744	28,370	21,436	6,881	868,378
M Wallace	7	78,604	62,500	4,633	12,605	631	–	2,090	1,795	1,260	164,118
Total		9,698,098	1,050,000	344,415	1,115,942	582,612	1,869,580	530,786	406,502	151,484	15,749,419

1) Salary and wages includes accrued annual leave paid out as part of salary.

2) STI relate to amounts accrued for the relevant financial year.

3) Non-monetary benefits include motor vehicle costs and car parking and are inclusive of related Fringe Benefits Tax.

4) Employee loans are interest free and provided for personal use (excludes EIS loans). Compensation includes amounts forgiven during the year, imputed interest and related Fringe Benefits Tax.

5) Valuation of options, rights and securities is conducted by an external accounting firm. Refer to note 34(f) for details.

6) Long service leave relates to amounts accrued during the financial period.

7) Remuneration for J Carfi and M Wallace are from appointment on 21 April 2008.

8) Messrs Biancardi, Hawkins and Turner and Ms Morris received additional fees of \$15,000 each per annum for serving on the ARCC for various responsible entities and their respective trusts and schemes within Mirvac's Investment Management Division. This additional fee is included in each Director's total remuneration details above but does not form part of the pool of fees approved by Mirvac Limited's securityholders to Directors for the services provided as Directors of Mirvac Limited.

9) Mr Turner also received \$120,000 during the year for serving as a Non-Executive Director on the Boards of various responsible entities within Mirvac's Investment Management Division, which is included in the above remuneration details for Mr Turner but does not form part of the pool of fees approved by Mirvac Limited's securityholders to Directors for services provided as Directors of Mirvac Limited.

DIRECTORS' REPORT

REMUNERATION REPORT

3. SERVICE AGREEMENTS

KMP terms of employment are detailed in formal service agreements. Each agreement, with the exception of the agreement for the Managing Director is of a continuing duration and has no set term of service (subject to the termination provisions within the agreement). Each agreement covers (in addition to other standard matters) the relevant KMP:

- general duties;
- remuneration and other benefits; and
- termination of employment and termination benefits.

The employer may generally terminate a KMP employment without notice or payment in lieu of notice in cases of serious and wilful misconduct by the KMP, or in certain other circumstances. The following table summarises the individual details of the service agreements that are in place for Mirvac Group's Executive Directors and KMP.

Name	Term of agreement	Notice period	Severance period ¹	Eligible for STI	Eligible for LTI	Eligible for termination benefit ²	Eligible for other benefits
N Collishaw	4 years	6 months	Yes	Yes	Yes	Yes	Yes
A Fini	No term	3 months	Yes	Yes	Yes	Yes	Yes
G Paramor	No term	3 months	Yes	Yes	Yes	Yes	Yes
E Campbell	No term	3 months	Yes	Yes	Yes	Yes	Yes
J Carfi	No term	3 months	Yes	Yes	Yes	Yes	Yes
G Collins	No term	3 months	Yes	Yes	Yes	Yes	Yes
B Draffen	No term	3 months	Yes	Yes	Yes	Yes	Yes
G Flowers	No term	3 months	Yes	Yes	Yes	Yes	Yes
C Freeman	No term	3 months	Yes	Yes	Yes	Yes	Yes
A Harrington	No term	3 months	Yes	Yes	Yes	Yes	Yes
T Regan	No term	3 months	Yes	Yes	Yes	Yes	Yes
G Hodgetts	No term	3 months	Yes	Yes	Yes	Yes	Yes
J Mitchell	No term	3 months	Yes	Yes	Yes	Yes	Yes
A Turner	No term	3 months	Yes	Yes	Yes	Yes	Yes
M Wallace	No term	3 months	Yes	Yes	Yes	Yes	Yes

1) For the Managing Director, severance is the balance after termination up to the contract period end. For all other executives severance period consists of amounts of nine months fixed pay and pro-rate STI.

2) For the Managing Director, termination consists of the balance of fixed pay which would have otherwise been paid up to the contract end. For all other executives termination consists of nine months of fixed pay and pro-rata STI. In the event of a corporate amalgamation where there is a material change of status or responsibilities of the Executive leading to a termination payment of 18 months fixed pay and STI at target will be made.

4. EQUITY INSTRUMENTS HELD BY KMP

The relevant interests held in stapled securities of Mirvac by the KMP are detailed in note 33 of the Group's full financial statements.

5. Other benefits

Fees paid by Mirvac for Directors' and Officers' liability insurance are not itemised for each Director and, as their disclosure would breach the terms of the policy, are not set out in this Report. Executives and Directors (including Non-Executive Directors) are entitled to participate in arrangements available to directly purchase Mirvac developed residential property, on the same terms and conditions as apply to other employees within the Group.

6. Additional information

a) Loans to KMP

Information on loans to Executive Directors and other KMP is disclosed in Note 33. Loans are not provided to Non-Executive Directors.

b) Directors' interests

Particulars of Directors' relevant interests in the stapled securities of Mirvac or a related body corporate, in debentures of (or interests in a registered scheme made available by) Mirvac or a related body corporate and their rights or options over any such securities, debentures or registered scheme interests as notified by the Directors to the Australian Securities Exchange ("ASX") in accordance with Section 250G of the *Corporations Act 2001* as at 30 June 2009 are as follows:

Directors	Interests in securities of related entities	Mirvac stapled securities ¹
J A C MacKenzie		76,629
Mirvac Real Estate Investment Trust – units	93,841	
Mirvac Industrial Trust – units	122,643	
Mirvac Development Fund – Seascapes – units	300,000	
P J Biancardi		66,394
Mirvac Development Fund – Seascapes – units	25,000	
Mirvac Development Fund – Meadow Springs – units	50,000	
N R Collishaw		1,426,413
Mirvac Development Fund – Seascapes – units	10,000	
Mirvac Development Fund – Meadow Springs – units	25,000	
Performance rights		985,960
Options		2,336,340
A G Fini		9,825,384
Mirvac Development Fund – Seascapes – units	250,000	
Mirvac Development Fund – Meadow Springs – units	400,000	
Mirvac Industrial Trust – units	100,000	
Performance rights		77,612
Options		275,631
P J O Hawkins		212,547
P Morris		134,354
R W Turner		141,974
Mirvac Development Fund – Seascapes – units	25,000	
Mirvac Development Fund – Meadow Springs – units	25,000	

1) Excludes securities subscribed for at 30 June 2009 as part of the retail offer, capital raising in June 2009, but not issued until 9 July 2009.

Mr Collishaw participated in the LTP plan and the general employee exemption plan with the approval of Mirvac's securityholders during the year.

For the year ended 30 June 2009, Mr Collishaw received 869,600 performance rights and 1,923,100 options under the LTI plan and 505 stapled securities under the general employee exemption plan.

For the year ended 30 June 2009, Mr Fini did not participate in Mirvac's LTI plan or the general employee exemption plan. Following his resignation as an Executive Director of the Group, Mr Fini was permitted to continue to participate in the LTI plan and retain two thirds of the performance rights and options granted to him in the year ended 30 June 2008.

During the year Mirvac introduced a security acquisition plan for Non-Executive Directors whereby a portion of their Directors fees could be sacrificed on a monthly basis and applied to acquire additional Mirvac stapled securities. Messrs Hawkins and Turner and Ms Morris participated in this plan during the year. In addition, Non-Executive Directors remained eligible to participate in Mirvac's Distribution Reinvestment Plan on the same terms and conditions as are available to other Mirvac securityholders.

No Director has entered into any contract under which the Director is entitled to a benefit and that confers a right to call for or deliver securities in, or debentures of, or interests in a registered scheme made available by Mirvac Limited or a related body corporate.

c) Options over unissued securities

During the year ended 30 June 2009, options over 6,355,600 Mirvac stapled securities were issued to Executives pursuant to Mirvac's LTI plan as detailed in this Remuneration Report. Options over 137,609 Mirvac stapled securities were forfeited during the year as a result of employees leaving the Group.

No securities in the Group or any of its controlled entities were issued during or since the year ended 30 June 2009 as a result of the exercise of an option over unissued securities.

DIRECTORS' REPORT

Other Directorships

Details of all Directorships of other listed companies held by each Director in the three years immediately before 30 June 2009 and the period for which each Directorship was held are as follows:

Director	Company	Date appointed	Date ceased
J A C MacKenzie	Bravura Solutions Limited	April 2006	November 2008
	Circadian Technologies Limited	July 2002	July 2008
	Gloucester Coal Limited	June 2009	Current
	Melco Crown Entertainment Limited	April 2008	Current
	Pacific Brands Limited	April 2008	Current
	Strategic Pooled Development Limited	November 2005	October 2007
	Zenith Therapeutics Limited	April 2005	November 2006
A G Fini	Little World Brewing Limited	November 1999	Current
P J O Hawkins	St George Bank Limited	April 2007	Delisted December 2008
	Visa Inc	October 2007	Current
	Westpac Banking Corporation	December 2008	Current
P Morris	Aristocrat Leisure Limited	February 2004	Current
	Clarius Group Limited	August 2005	Current
R W Turner	Consolidated Media Holdings Limited	November 1998	April 2009
	Crown Limited	July 2007	Current

Non-audit services

Mirvac may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are relevant (non-audit services).

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in note 37 to the financial statements.

The Board of Directors has considered the position and, in accordance with the advice received from the ARCC is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the ARCC to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES110: Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Insurance of officers

During the financial year, Mirvac paid a premium for an insurance policy insuring any past, present, or future Director, Secretary, executive officer or employee of the Group against certain liabilities. In accordance with commercial practice, the insurance policy prohibits disclosure of the nature of the liabilities insured against and the amount of the premium.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration required under section 307C of the *Corporations Act 2001* is set out on page 25.

Rounding of amounts

Mirvac Limited is of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This statement is made in accordance with a resolution of the Directors.



N R Collishaw
Director

Sydney
25 August 2009

AUDITOR'S INDEPENDENCE DECLARATION



PricewaterhouseCoopers
ABN 52 780 433 757
Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
Sydney NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

As lead auditor for the audit of Mirvac Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mirvac Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'R L Gavin'.

R L Gavin
Partner

Sydney
25 August 2009

PricewaterhouseCoopers

GOVERNANCE WITHIN MIRVAC

Mirvac has implemented various systems and processes to ensure that the interests of securityholders and other stakeholders in Mirvac are protected at all times.

The Board is responsible for ensuring that Mirvac is properly managed and is committed to maintaining the highest standards of corporate governance and fostering a culture that values ethical behaviour, integrity and respect to protect those stakeholders' interests.

This Statement sets out the key corporate governance principles adopted by Directors in governing the Group and reflects the corporate governance policies and practices in place as at 30 June 2009 and throughout the year ending on that date.

Mirvac predominately operates in Australia and its stapled securities are listed on the ASX.

The ASX Listing Rules require all listed entities to report on the extent to which their corporate governance practices follow the principles and recommendations contained in the ASX Corporate Governance Council's publication "Corporate Governance Principles and Recommendations" ("Recommendations") which was issued in 2007.

As detailed in this Statement, Mirvac considers its practices do comply with the Recommendations in all aspects unless disclosed otherwise.

Copies of Mirvac's corporate governance policies and practices are posted to its website as required by the Recommendations (www.mirvac.com), and may be found under the Corporate Governance sub-heading within the "About Mirvac" section on the homepage.

2. BOARD OF DIRECTORS

2.1 Board role and responsibilities

The primary objective of the Mirvac Board is to build long-term securityholder value with due regard to other stakeholder interests.

The Board has formalised its roles and responsibilities into a Board Charter which also clarifies the roles and responsibilities that are delegated to management.

In summary, the Board's accountabilities and responsibilities cover the following areas:

- strategy and planning;
- personnel;
- remuneration;
- capital management and financial reporting;
- performance monitoring;
- risk management; and
- audit and compliance.

Responsibility for the day to day management and administration of Mirvac is delegated by the Board to the Managing Director, assisted by the Executive Committee.

The Managing Director manages the Group in accordance with the strategy, plans and delegations approved by the Board.

The Board monitors the decisions and actions of the Managing Director and the performance of the Group to gain assurance that progress is being made towards attainment of the approved strategies and plans. The Board also monitors the performance of the Group through its Committees.

The Managing Director provides open and detailed reports on the Group's performance and related matters to each Board meeting. The Chief Financial Officer and Group Treasurer provide comprehensive reports on Mirvac's financial performance and other relevant matters such as debt position and status of financing facilities.

A copy of the Board Charter is available on Mirvac's website.

Recommendations 1.1 and 1.3

2.2 Board size and composition

The Board determines its size and composition subject to the limits imposed by Mirvac's Constitutions, which provide that there be a minimum of three and a maximum of ten Directors.

The Board is to comprise a majority of independent Non-Executive Directors with an appropriate range of skills, experience and expertise to deal with current and emerging issues of the business. Mirvac's Board currently comprises five independent Non-Executive Directors, one dependent Non-Executive Director and one Executive Director being the Managing Director. Details of the Directors in office as at the date of this report, including their qualifications, experience, date of appointment and their status as independent or dependent non-executive or executive are set out on pages 10 to 11 of the Directors' Report.

The Board considers that its Directors collectively bring the range of skills, knowledge and experience necessary to direct the Group.

Recommendations 2.1 and 2.6

2.3 Role of the Chairman

The Chairman of the Board is appointed by the Directors and, as specified in the Board Charter, must be an independent, Non-Executive Director who at the same time is not the Chief Executive of the Group.

The Chairman, Mr MacKenzie, is an independent Non-Executive Director who is also Chairman of the Board's Nomination Committee and a member of its Human Resources Committee.

The Chairman's specific role is detailed in the Board Charter. In general the Chairman leads the Board and ensures that its principles and processes are maintained including the timely provision of accurate and clear information to Directors. The Chairman also encourages debate and active engagement in the Boardroom and in conjunction with the Managing Director and Group Company Secretary sets agendas for Board meetings that focus on strategy and performance. The Chairman is also responsible for facilitating the relationship between the Board and the Managing Director and other executives in particular.

Recommendations 2.2 and 2.3

2.4 Independence of Directors

The Board considers that an appropriate balance between independent Non-Executive, and Executive, Directors is necessary to appropriately govern Mirvac effectively and to promote securityholder interests. It is committed to ensuring a majority of the Board is independent at all times.

The Board has developed a policy, contained in the Board Charter, to determine the independence of its Directors. This determination is conducted annually or at any other time where the circumstances of a Director change such as to warrant reconsideration.

Independent Directors must be independent of management and any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment as Directors of the Group.

It is Mirvac's view and that of its Board, that five of its Non-Executive Directors are independent. Mr Fini was appointed a Non-Executive Director with effect from 1 January 2009. Prior to that appointment he was an Executive Director of the Group. The guideline published in the Recommendations concerning relationships affecting independence status indicates that a Director that has previously been employed in an executive capacity should not be considered independent until a period of three years from ceasing that employment has elapsed. Mirvac accepts this guideline in relation to Mr Fini's position. However it is Mirvac's view that each of its Directors has exercised judgment and discharged his or her responsibilities in an unrestricted and independent manner throughout the year. No other Non-Executive Director has a relationship that may affect his or her independent status and each continues to satisfy the specific materiality tests set down by the Board Charter.

Recommendations 2.1 and 2.6

2.5 Conflicts of interest

The Board has approved guidelines for Board members dealing with conflicts of interests with their duties as Directors of Mirvac as detailed in the Board Charter.

A Director with an actual or potential conflict of interest in relation to a matter before the Board does not receive any papers prepared in relation to that matter and, when the matter comes before the Board for discussion, is not present for the discussion and takes no part in the decision making process.

Minutes recording the matter in which a Director is considered to have a conflict of interest are not provided to that Director. However, the Chairman would normally advise the conflicted Director of the broad nature of the matter for discussion and the progress of the matter through the Board process.

Mirvac's Code of Conduct also sets down guidelines for dealing with conflicts of interest that may arise particularly for Executives and other employees.

2.6 Meetings of the Board

The Board is scheduled to meet monthly each year, and at any other time to deal with specific matters between the scheduled meetings. As part of that meeting schedule Directors, with Mirvac's Executives and other key managers, hold a strategy session prior to the end of Mirvac's financial year to determine strategic direction and related issues for the ensuing year.

Papers are circulated well in advance of meetings in either electronic or paper form to assist in the decision making process. Board meetings are also scheduled away from head office at the Group's State and regional offices to provide Directors with the opportunity to view the businesses that comprise Mirvac and to meet employees from those businesses.

Details of the number of Board and Committee meetings held during the year together with the number of meetings attended by each Director are set out on page 11 of the Directors' Report.

2.7 Review of Board and Executive performance

a) Board

The performance of the Board is conducted annually by the Chairman supported by the Group Company Secretary. The appraisal is conducted initially by way of questionnaires completed by each Director individually which effectively review:

- the performance of the Board and each of its Committees against the requirements of their respective charters;
- the individual performance of the Chairman and each Director; and
- the processes and procedures of the Board to identify areas for improvement.

The completed questionnaires are used as the basis of interviews conducted by the Chairman with Directors.

The appraisal process conducted during the year ended 30 June 2009 indicated that no major issues or concerns were identified that required further attention. The primary focus of the Board over the next 12 months will be to continue to implement strategies focusing on Mirvac's core businesses and competencies and to monitor Executive performance to deliver securityholder value over the longer term in the face of a challenging operating environment.

The Human Resources Committee reviews and makes recommendations to the Board on the criteria for, and the evaluation of, the performance of the Managing Director. The Managing Director evaluates the performance of the Executive Directors.

b) Key executives

Evaluation of key executives' performance is conducted annually by the Managing Director. This evaluation includes assessment of the respective executive's performance against business and personal objectives agreed at the beginning of the year. A copy of this evaluation is also reviewed by the Human Resources Committee.

The Managing Director also monitors executive performance throughout the year through regular meetings where progress towards achieving the set objectives is assessed and discussed.

Recommendations 1.2, 1.3, 2.5 and 2.6

2.8 Nomination and appointment of new Directors

Mirvac's Board Nomination Committee is responsible for identification and recommendation of candidates to the Board.

External consultants may be retained to assist the Committee to ensure a wide selection of potential Directors is assessed.

All new Directors are required to sign and return a letter of appointment which sets out the key terms and conditions of their appointment, including duties, rights and responsibilities, the time commitment envisaged and the Group's expectations of its Directors.

Directors, other than the Managing Director, appointed during a year only hold office until the next Annual General/General Meetings following their appointment, where upon they must retire and seek election by securityholders. Mirvac provides securityholders with relevant information on the candidates for election in such instances.

Recommendations 2.4 and 2.6

2.9 Retirement and re-election of Directors

Mirvac's Constitutions provide that one-third of Directors must retire each year and seek re-election by securityholders at the Annual General/General Meetings. This ensures that the maximum time that each Director can serve in any single appointment is three years.

The Chairman will evaluate the contribution of retiring Directors prior to the Board endorsing their standing for re-election. At this time, Mirvac has not imposed any maximum on the number of terms that a Non-Executive Director may serve. The Managing Director is not included in the number of Directors that must retire each year.

Recommendation 2.6

2.10 Access to independent information and advice

As detailed in the Board Charter, the Board and its Committees may seek advice from independent experts whenever it is considered appropriate. Individual Directors, with the consent of the Chairman, may seek independent professional advice on any matter connected to their responsibilities as a Director of the Group, at the Group's expense. No Director availed him or herself of this right during the year.

Recommendation 2.6

3. BOARD COMMITTEES

3.1 Committees' charters and membership

The Board has established the following standing Committees to assist it in the discharge of its responsibilities:

- Audit, Risk and Compliance Committee ("ARCC");
- Human Resources ("HR") Committee;
- Nomination ("Nomination") Committee; and
- Health, Safety, Environment and Sustainability ("HSE") Committee.

Each Committee has adopted its own terms of reference or Charter, approved by the Board, setting out matters relevant to its composition and responsibilities. The Charters are reviewed annually by the Board.

Copies of the Committee Charters are available under the Corporate Governance sub-heading within the "About Mirvac" section of Mirvac's website.

In addition project approvals to purchase or invest/divest and approvals to commence construction to a value or cost up to \$25 million each have been delegated to the Executive Committee for approval.

All Directors are entitled to attend meetings of the standing Committees. Papers considered by the standing Committees are available to all Directors via an electronic portal with access restricted to Directors only.

Minutes of all standing Committee, and the Executive Committee, meetings are provided as part of the papers for Board meetings, and the proceedings of each meeting are reported by the Committee Chairman at the next Board meeting.

Each Committee is entitled to the resources and information it requires to discharge its responsibilities, including direct access to employees and advisors.

The performance of each Committee, including its individual members, is evaluated as part of the annual performance review of the Board conducted by the Chairman.

Members of the standing Committees are:

	ARCC	HR	Nomination	HSE
J MacKenzie		✓	✓ (ch)	
P Biancardi	✓ (ch)	✓	✓	
P Hawkins	✓	✓ (ch)		
P Morris	✓	✓		✓ (ch)
R Turner	✓	✓		
N Collishaw			✓	

Note:

(ch): designates Chairman of the Committee

Each Committee member is an independent, Non-Executive Director, with the exception of Mr Collishaw who is the Managing Director. The HSE Committee, although chaired by an independent Non-Executive Director, comprises a number of Executives and other senior managers with expertise in HSE matters.

Details of the number of meetings held by each Committee during the year, together with the number attended by each Committee member, are set out on page 11 of the Directors' Report.

Details of the qualifications of the Directors that comprise each Committee are set out on pages 10 to 11 of the Directors' Report.

The Executive Committee meets monthly and comprises the Managing Director, business unit Chief Executives, the General Manager Operations, Group Company Secretary, Chief Financial Officer and General Manager, Human Resources who are all Mirvac employees.

Recommendations 2.4, 2.6, 4.1, 4.3, 4.4 and 8.1

3.2 ARCC

Each member of the Committee has the technical expertise to enable the Committee to effectively discharge its mandate, chaired by Mr Biancardi, a Chartered Accountant with extensive knowledge of taxation, finance and human resources in particular.

The Managing Director and Chief Financial Officer as well as representatives of the external and internal auditors attend all meetings by invitation. The ARCC regularly meets with the external auditors without management present.

The role of the ARCC is to assist the Board in fulfilling its oversight responsibilities in relation to the Group's financial reporting, legal and regulatory compliance, internal controls and risk management as well as the internal and external audit functions, as fully detailed in its Charter.

Also reporting to the ARCC is the Compliance Committee which has direct responsibility for monitoring and reviewing the Compliance Plans of Mirvac entities that hold Australian Financial Service ("AFS") licenses, and overseeing their adherence to all applicable laws and regulations.

The Compliance Committee meets on a quarterly basis and comprises four independent members.

Through the ARCC, the Compliance Committee reports to the respective Boards of the AFS licensed entities.

Recommendations 4.1, 4.2, 4.4 and 7.1

3.3 HR Committee

The objectives of this Committee are to assist the Board in ensuring the Group:

- has coherent remuneration policies and practices which are consistent with the Group's strategic goals and human resource objectives by attracting and retaining Directors and Executives and other employees who will create value for securityholders; and
- fairly and responsibly remunerates Directors and Executives having regard to the performance of the Group, the performance of the individuals and the general remuneration environment;

as further detailed in its Charter.

Additional information on Mirvac's remuneration policies and practices is set out in the Remuneration Report starting on page 12 of the Directors' Report.

Recommendations 8.1 and 8.3

3.4 Nomination Committee

The objective of this Committee is to assist the Board in ensuring that Mirvac has Boards and Committees of effective composition, size, expertise and commitment to adequately discharge their responsibilities and duties, having regard to the law and the highest standards of governance, with the specific responsibilities as set out in its Charter.

Recommendations 2.4 and 2.6

3.5 HSE Committee

Each member of this Committee has the technical expertise to enable the Committee to effectively discharge its mandate, chaired by Ms Morris who has extensive experience in HSE matters particularly in the property development and construction industries.

The objectives of this Committee are to assist the Mirvac Board lead the Group's commitment to HSE matters by reporting on compliance with applicable statutory requirements, codes, standards and guidelines, as well as measurable objectives and targets aimed at the elimination of work related incidents or impacts from the Group's activities, products and services.

The HSE Committee meets monthly and reports to each Mirvac Board Meeting on Mirvac's performance against set goals and targets.

4. EXTERNAL AUDITOR RELATIONSHIP

Mirvac's ARCC in accordance with its Charter, is responsible for overseeing the relationship with the Group's external auditor, PricewaterhouseCoopers, including the terms of engagement of the external auditor and the scope of the external audit program each year. The ARCC is also responsible for monitoring and evaluating the performance, and independence, of the external auditor.

4.1 Approach to auditor independence

The Board has adopted a policy and practice protocol for auditor independence which forms part of the ARCC's Charter published on Mirvac's website.

That policy and practice protocol endorses the fundamental principles of auditor independence that, in order to be eligible to undertake any non-audit related services, the external auditor must not, as a result of that assignment:

- create a mutual or conflicting interest with that of Mirvac;
- audit their own work;
- act in a management capacity or as an employee; or
- act as an advocate for Mirvac.

The Policy also details the services that the external auditor will be prohibited from performing.

4.2 Certification of independence

PricewaterhouseCoopers has provided the ARCC with a half-yearly and annual certification of its continued independence, in accordance with the requirements of the Corporations Act, and in particular confirmed that it did not carry out any services or assignments during the year ended 30 June 2009 that were not compatible with auditor independence.

4.3 Other monitoring of independence

In addition to the audit partner rotation and appointment requirements set out in the Policy and in the Corporations Act, the ARCC also reviews and approves, or declines, as considered appropriate before the engagement commences, any individual engagement for non-audit services involving fees exceeding \$100,000. Below this amount, approval, or otherwise as considered appropriate, is delegated to the Chief Financial Officer.

No work will be awarded to the external auditor if the ARCC (or the Chief Financial Officer as applicable) believes such work would give rise to a "self review threat" (as defined in APES110: Code of Ethics for Professional Accountants) or would create a conflict, or perceived conflict, of interest for the external auditor or any member of the audit team, or would otherwise compromise the auditor's independence requirements under the Corporations Act.

4.4 Attendance at the Annual General Meeting/ General Meeting

A partner of Mirvac's external auditor, PricewaterhouseCoopers, attends all Annual General/ General Meetings of the Group and is available to answer questions from securityholders on the conduct of the audit of the Group. Securityholders are also provided with a reasonable opportunity to ask questions of the auditor at the Meetings.

The external auditor is also allowed a reasonable opportunity to answer written questions submitted by securityholders to the meetings.

No questions were directed to the auditors in regard to the conduct of the audit of Mirvac's 2008 Financial Report and no questions were directed to the auditors at Mirvac's 2008 meetings.

Recommendation 6.2

5. RECOGNISE AND MANAGE RISK

5.1 Approach to risk management

Mirvac's activities span real estate investment, development and hotels and investment management.

These activities involve risks of varying types and to varying extents. Risk can relate to both threats to existing activities as well as a failure to take advantage of opportunities that may arise.

Mirvac's objective is to ensure those risks are identified and, where practical and economically viable, measures implemented to mitigate or otherwise manage the impact those risks may have on the Group's activities.

In recognition that risk management is a key element of an organisation's effective corporate governance processes, Mirvac's Board of Directors has adopted a Risk Management Policy statement and associated procedures for identifying, assessing and managing Mirvac's strategic, operational, financial and reputational risks.

This Policy forms a key component of the overall control environment and is reviewed annually to ensure it reflects the current internal and external context of the Group, the markets in which it operates and to ensure it reflects changes to the Group's approach to risk management that may have occurred during the review period.

The objectives of the Policy are to:

- provide a systematic approach to risk management aligned to the Group's strategic objectives;
- define the mechanisms by which the Group determines its risk appetite and considers and manages risks; and
- articulate the roles and accountabilities for the management, oversight and governance of risk.

The approach defined within this Policy is consistent with the Australian and New Zealand standard on risk management: AS/NZS 4360:2004.

The Policy applies to all legal entities within Mirvac to enable an enterprise wide approach to managing risk to be applied.

Supporting this Policy is a "Risk Management Roadmap and Framework" which has been prepared to guide the various business units in addressing their particular risk exposures through a structured implementation of risk management processes. Although structured, the Framework maintains a sufficient degree of flexibility to allow the respective business units to adopt appropriate strategies to address their risk exposures.

The Mirvac Board determines the overall risk appetite for the Group and has approved the strategies, policies and practices to ensure that risks are identified and managed within the context of this risk appetite.

The application of the Group's policies and procedures to manage risk is ultimately the responsibility of the Board, which has in turn delegated specific authority to the Group's ARCC (as more fully detailed in the ARCC's Charter).

The ARCC advises the Board on risk management and is responsible for reviewing policies for approval by the Board and for reviewing the effectiveness of the Group's approach to risk management. Risk management is a standing agenda item for all ARCC meetings.

The Board has charged management with the responsibility for managing risk within the Group and the implementation of mitigation measures, under the direction of the Managing Director supported by the Executive Committee.

A group risk management department has been established to facilitate the process by providing a centralised role in advising the various business units on executing risk management and mitigation strategies, as well as consolidating risk reporting to the Executive Committee, the ARCC and ultimately the Board.

Internal Audit's role is to assess risks and controls, enhance processes and to monitor controls to provide assurance to the ARCC and the Board that the material risks and compliance obligations are being effectively managed.

The Head of Internal Audit has unfettered access to the ARCC and its Chairman at all times.

Mirvac's approach to risk management is to establish an effective control environment to manage "material risks" to its business. A material risk is defined as the probability that an action, inaction or natural event may hinder or prevent the achievement of key business objectives.

The Group's risk management and internal control systems are designed to provide reasonable assurance that:

- risk exposures are identified and adequately monitored and managed through appropriate risk mitigation measures;
- financial, management and operational information is accurate, relevant, timely and reliable; and
- there is compliance with the spirit of, as well as the letter of, policies, standards, procedures and applicable laws, regulations and licences.

The Managing Director supported by the Executive Committee is responsible for implementing and maintaining effective risk management and internal control systems for the operational risks that arise from the Group's activities.

To ensure consistent and effective practices are employed each business unit has established a risk management group and developed risk registers detailing the key risks facing the particular business unit. These registers also detail the controls implemented to manage or mitigate the identified risks, as well as the persons responsible for implementing the controls and managing the risks.

These registers are reviewed and updated regularly, or as changing circumstances dictate initially by the respective business unit, and reviewed by Internal Audit, prior to submission to the Executive Committee.

To address a specific operational risk, the Board established the HSE Committee to oversee and report to the Board on the Group's management of its HSE performance, risks and legal obligations.

The Board has also approved principles and policies to manage the financial risks arising from the Group's operations, including its financing and treasury management activities.

The ARCC reviews and reports to the Board in relation to the integrity of the Group's financial reporting, internal control structure, risk management systems as well as the internal and external audit functions.

Executive assurance is provided to the Board and the ARCC as to the effectiveness of the Group's risk management and internal control systems in relation to financial reporting risks as detailed in the next section. Management also reports to the ARCC to enable it to access the effectiveness of the management of material business risks.

The ARCC also oversees, and reports to various Boards within the Group on the specific risks and compliance requirements arising from the activities of the Group's AFS licensed entities and respective Managed Investment Schemes. The ARCC is assisted in this process by a Compliance Committee, comprising four independent members, that reviews the compliance performance of these licensed entities and their various schemes and funds on a quarterly basis.

As noted previously, Mirvac's Risk Management Policy, Framework and underlying strategies are reviewed annually by the ARCC and the Board to ensure continued application and relevance to the Group's activities and exposures. The group risk department co-ordinates this review process.

Mirvac's approach to risk management and internal compliance and control is posted to Mirvac's website under the Corporate Governance sub-heading within the "About Mirvac" section on the homepage.

Recommendations 7.1, 7.2, 7.3 and 7.4

5.2 Executive assurance

The Managing Director and Chief Financial Officer have provided the following assurance to the Mirvac Board in connection with the Group's full year financial statements and reports, namely that in their opinion, to the best of their knowledge and belief:

- a) the financial records of Mirvac for the year ended 30 June 2009 have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*;
- b) the financial statements of Mirvac and the notes to those statements for the year ended 30 June 2009 comply with the relevant accounting standards;
- c) the Group's financial statements, and the notes to those statements, for the year ended 30 June 2009 give a true and fair view of the financial position, operational results and the performance of Mirvac;
- d) the statements referred to in paragraphs a) to c) above are founded on a system of risk management and internal compliance and control which implements the policies adopted by the Mirvac Board; and
- e) Mirvac's risk management and internal compliance and control system is operating effectively in all material respects in relation to financial reporting risks.

The effective control environment established by the Mirvac Board supports this assurance provided by the Managing Director and Chief Financial Officer.

However, it should be noted that associates and joint ventures, which are not controlled by Mirvac, are not covered for the purposes of this assurance or declaration given under Section 295A of the *Corporations Act 2001*.

Further, these declarations provide a reasonable but not absolute level of assurance about risk management, internal compliance and control systems, and do not imply a guarantee against adverse events or more volatile conditions and outcomes in the future.

Recommendations 7.3 and 7.4

6. REMUNERATION POLICIES AND PRACTICES

The Remuneration Report set out on pages 12 to 23 of the Directors' Report details Mirvac's remuneration policies and practices including the relationship between remuneration, group performance and returns to securityholders.

Recommendations 8.1, 8.2 and 8.3

7. CORPORATE CONDUCT AND RESPONSIBILITY

7.1 Approach to corporate conduct

Integrity is one of Mirvac's core values. In the Group's 37 year history, it has built a reputation for integrity and in dealing fairly, honestly and transparently with all stakeholders.

Mirvac has adopted a Code of Conduct which espouses its core values and reflects the recommendations in terms of the matters addressed. Each member of the Executive Committee certifies to the ARCC their adherence to the requirements of the Code on a quarterly basis.

The Code of Conduct applies to Mirvac's Board of Directors, executives and all other employees. A copy of the Code has been made available to all and is posted on the Group's intranet and is available under the Corporate Governance sub-heading within the "About Mirvac" section of Mirvac's website.

Recommendations 3.1 and 3.3

7.2 Compliance with the Code of Conduct

To fulfil Mirvac's commitment to its core values and the requirements of the Code of Conduct, the Group needs to be able to ensure that:

- violations of the Code and these values are detected and reported; and
- appropriate action is taken in response to any violations.

Accordingly Mirvac encourages its Non-Executive Directors, executives and other employees to report promptly in good faith any serious violations or suspected serious violations of the law or its Code of Conduct. To facilitate this, and in addition to the quarterly sign-off referred to earlier, the Group has established its "Open Line" program to allow staff to report in good faith suspected fraud, theft, criminal activity or any other conduct which may cause loss or be detrimental to Mirvac's reputation. The Open Line program sets out the measures to be taken and the protection to be provided in instances where violations or other suspected matters are reported.

Further, Part 9.4AAA of the Corporations Act also provides protection to "whistleblowers" in certain specified circumstances.

Recommendations 3.1 and 3.3

7.3 Political and charitable donations

Mirvac supports the democratic process within Australia and does make modest donations to Australia's major political parties to facilitate attendance at conferences and meetings where the Group is able to provide its views on policies and matters that may impact its operations. Mirvac's Code of Conduct stipulates that donations can only be made on the approval of the Managing Director.

During the year ended 30 June 2009, Mirvac donated \$18,264 to State based political parties in New South Wales, Queensland and Western Australia.

The recently established Mirvac Foundation is the focus of Mirvac's charitable support on both a national and State basis. The Foundation is currently supporting financially in each State, charities that care for the homeless. Mirvac staff also donate financially to the Foundation and donate their time to support these charities' activities. In addition to making a direct financial contribution to the Foundation, Mirvac matches the financial contributions of staff to the Foundation, makes staff available to provide development and construction advice as well as providing materials and personnel to assist in building programs. Staff are also permitted time off with full pay to support the charities in other areas of their respective operations, where this is feasible.

7.4 Security Trading Policy

Mirvac has implemented a Security Trading Policy that covers dealings in securities by Directors, executives and other designated employees as well as their respective associates. These designated persons may only deal in Mirvac securities, or in securities of other public, listed entities that are related to Mirvac, in certain periods as identified in the Policy. Notwithstanding this, no Director, Executive or other employee may deal whenever they are in possession of price sensitive information. Any securities dealing in the Group by Directors is notified to the ASX within five business days of the dealing. Mirvac does not stipulate any minimum security holding requirements by its Directors.

In particular the Policy also prohibits Executives and other employees hedging options they may hold over Mirvac securities.

Mirvac's Security Trading Policy is available under the Corporate Governance sub-heading within the "About Mirvac" section of Mirvac's website.

Recommendations 3.2 and 3.3

7.5 Market Disclosure Policy and practice

Mirvac is committed to:

- effectively communicating with its securityholders and facilitating an efficient and informed market in its securities by keeping the market apprised through announcements to the ASX, of all material information; and
- compliance with the requirements of the *Corporations Act*, ASX Listing Rules and the ASX Corporate Governance Principles and Recommendations.

The Group's Continuous Disclosure Policy is designed to support its commitment to a fully informed market in its securities by ensuring that announcements are:

- made to the ASX in a timely manner, are factual and do not omit material information; and
- expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Supporting the Continuous Disclosure Policy is its Communications Policy which governs Mirvac's policy in relation to interactions with external individuals, investors, analysts and other market participants.

The Group Company Secretary is responsible for the Group's compliance with its continuous disclosure obligations and for overseeing and coordinating disclosures to the ASX and other interested parties.

All disclosures are posted to Mirvac's website. Also posted to its website are annual and half-year reports, profit releases, market briefings, notices of meetings and its regularly updated property compendium. Web-casting and teleconferencing facilities are provided for market briefings to encourage participation from all stakeholders, regardless of location.

Mirvac has also rotated the location of its Annual General Meeting/General Meeting over the past two years, after many years in Sydney, to allow securityholders in other States where there is a significant representation to participate in person. The 2009 Meetings will be held in Sydney.

The Continuous Disclosure and Communications Policies are posted to Mirvac's website under the Corporate Governance sub-heading within the "About Mirvac" section on the homepage.

Recommendations 5.1, 5.2, 6.1 and 6.2

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INCOME STATEMENTS

For the Year Ended 30 June 2009

		Consolidated		Parent entity	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue					
Development and construction revenue	4	1,090,809	1,180,509	-	-
Development management fee revenue		24,225	30,491	-	-
Rental revenue from investment properties		329,931	322,529	-	-
Hotel operations revenue		147,367	163,748	-	-
Investment management fee revenue		46,615	59,784	-	-
Interest revenue	4	22,975	19,307	3,658	2,559
Dividend and distribution revenue		1,084	1,626	-	-
Other revenue		12,793	19,827	-	-
Total revenue from continuing operations		1,675,799	1,797,821	3,658	2,559
Other income					
Net gain from fair value adjustments on investment properties	16	-	146,270	-	-
Gain on financial instruments	4	113,306	25,145	-	-
Foreign exchange gains		-	51,432	487	-
Net gain on sale of investments		985	2,406	-	-
Net gain on sale of investment property		-	41,146	-	-
Net gain on assets reclassified as held for sale		-	48,578	-	-
Net gain on sale of property, plant and equipment		38	15,852	-	-
Total other income		114,329	330,829	487	-
Total revenue and other income		1,790,128	2,128,650	4,145	2,559
Net loss from fair value adjustments on investment properties	16	(487,203)	-	-	-
Foreign exchange loss		(72,514)	-	-	-
Net loss on assets classified as held for sale		(83)	-	-	-
Cost of property development and construction		(971,190)	(959,658)	-	-
Investment property expenses		(81,380)	(78,150)	-	-
Hotel operating expenses		(45,339)	(53,679)	-	-
Share of net loss of associates and joint ventures accounted for using the equity method	13	(157,995)	(50,208)	-	-
Employee benefits expense		(183,839)	(201,828)	(1,357)	(1,114)
Depreciation and amortisation	5	(28,256)	(27,728)	-	-
Impairment of goodwill, management rights and other intangibles	18	(273,645)	(18,910)	-	-
Impairment of investments including associates and joint ventures		(41,596)	(76,110)	-	-
Impairment of loans		(59,386)	-	-	-
Finance costs expense	5	(87,931)	(139,888)	(13,373)	(12,686)
Loss on financial instruments	5	(144,468)	(24,812)	-	-
Selling and marketing expense		(25,438)	(42,991)	-	-
Provision for loss on inventory		(186,506)	(219,871)	-	-
Other expenses		(87,904)	(82,288)	(64)	(2,054)
(Loss)/profit before income tax		(1,144,545)	152,529	(10,649)	(13,295)
Income tax benefit	6	65,307	22,865	2,839	14,254
(Loss)/profit for the year		(1,079,238)	175,394	(7,810)	959
Profit/(loss) attributable to minority interest		1,137	(3,592)	-	-
Net (loss)/profit attributable to the stapled securityholders of the Group		(1,078,101)	171,802	(7,810)	959
Earnings per stapled security for net profit attributable to the stapled securityholders of Mirvac					
Basic earnings per security	7	(65.21)	14.86		
Diluted earnings per security	7	(64.53)	14.62		

The above Income Statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS

As at 30 June 2009

		Consolidated		Parent entity	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current assets					
Cash and cash equivalents	38	896,541	29,273	182,373	8,038
Receivables	8	248,449	310,516	2,917,678	2,603,510
Derivative financial assets	14	5,520	–	–	–
Current tax assets	6	6,428	63,301	7,596	55,309
Inventories	9	590,040	683,153	–	–
Other financial assets at fair value through profit or loss	10	18,489	19,262	–	–
Assets classified as held for sale	11	–	6,274	–	–
Other assets	12	41,059	49,389	250	12
Total current assets		1,806,526	1,161,168	3,107,897	2,666,869
Non-current assets					
Receivables	8	204,153	182,185	10,514	3,998
Inventories	9	1,080,336	1,000,842	–	–
Investments accounted for using the equity method	13	397,648	600,182	–	–
Derivative financial assets	14	7,512	95,127	–	–
Other financial assets	15	–	–	341,583	321,805
Investment properties	16	3,210,106	3,436,782	–	–
Property, plant and equipment	17	548,997	633,485	–	–
Intangible assets	18	58,584	320,845	–	–
Deferred tax assets	6	59,975	64,122	8,719	2,260
Total non-current assets		5,567,311	6,333,570	360,816	328,063
Total assets		7,373,837	7,494,738	3,468,713	2,994,932
Current liabilities					
Payables	19	226,573	325,389	1,570,843	1,980,020
Borrowings	20	422,554	138,000	–	–
Provisions	21	10,110	95,633	–	–
Other liabilities	22	20,988	33,882	–	–
Total current liabilities		680,225	592,904	1,570,843	1,980,020
Non-current liabilities					
Payables	19	43,724	16,385	651,657	–
Borrowings	20	1,681,288	2,201,861	–	–
Derivative financial liabilities	23	43,123	110,632	–	–
Deferred tax liabilities	6	46,842	139,462	54	425
Provisions	21	5,833	23,327	–	–
Total non-current liabilities		1,820,810	2,491,667	651,711	425
Total liabilities		2,501,035	3,084,571	2,222,554	1,980,445
Net assets		4,872,802	4,410,167	1,246,159	1,014,487
Equity					
Contributed equity	24	5,447,366	3,771,459	1,153,689	917,394
Reserves	25	110,545	133,816	19,320	16,796
Retained earnings	26	(749,862)	435,265	73,150	80,297
Total parent entity interest		4,808,049	4,340,540	1,246,159	1,014,487
Minority interest	27	64,753	69,627	–	–
Total equity		4,872,802	4,410,167	1,246,159	1,014,487

The above Balance Sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 30 June 2009

Consolidated	Note	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Minority interest \$'000	Total \$'000
Balance at 1 July 2008		3,771,459	133,816	435,265	69,627	4,410,167
Decrement on revaluation of property, plant and equipment, net of tax	25	–	(32,261)	–	–	(32,261)
Exchange differences on translation of foreign operations	25	–	3,200	–	–	3,200
Net loss recognised directly in equity		–	(29,061)	–	–	(29,061)
Net loss		–	–	(1,078,101)	(1,137)	(1,079,238)
Total recognised income and expenses for the year		–	(29,061)	(1,078,101)	(1,137)	(1,108,299)
Security based payment transactions	25	–	5,790	–	–	5,790
Equity based compensation – movement in retained earnings	26	–	–	661	–	661
EIS securities converted/sold/forfeited	24	3,290	–	–	–	3,290
Contributions of equity, net of transaction costs	24	1,672,617	–	–	–	1,672,617
Dividends/distributions provided for or paid	26	–	–	(107,687)	–	(107,687)
Minority interest	27	–	–	–	(3,737)	(3,737)
Balance at 30 June 2009		5,447,366	110,545	(749,862)	64,753	4,872,802
Balance at 1 July 2007		3,322,183	77,093	611,218	69,916	4,080,410
Increment on revaluation of property, plant and equipment, net of tax	25	–	51,985	–	–	51,985
Exchange differences on translation of foreign operations	25	–	(2,359)	–	–	(2,359)
Net income recognised directly in equity		–	49,626	–	–	49,626
Net profit		–	171,802	3,592	175,394	
Total recognised income and expenses for the year		–	49,626	171,802	3,592	225,020
Security based payment transactions	25	–	7,097	–	–	7,097
Equity based compensation – movement in retained earnings	26	–	–	1,142	–	1,142
EIS securities converted/sold/forfeited	24	8,189	–	–	–	8,189
Contributions of equity, net of transaction costs	24	441,087	–	–	–	441,087
Dividends/distributions provided for or paid	26	–	–	(348,897)	–	(348,897)
Minority interest	27	–	–	–	(3,881)	(3,881)
Balance at 30 June 2008		3,771,459	133,816	435,265	69,627	4,410,167

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Parent entity	Note	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2008		917,394	16,796	80,297	1,014,487
Net loss		–	–	(7,810)	(7,810)
Total recognised income and expenses for the year		–	–	(7,810)	(7,810)
Share based payment transactions	25	–	2,524	–	2,524
Equity based compensation – movement in retained earnings	26	–	–	663	663
EIS securities converted/sold/forfeited	24	856	–	–	856
Contributions of equity, net of transaction costs	24	235,439	–	–	235,439
Balance at 30 June 2009		1,153,689	19,230	73,150	1,246,159
Balance at 1 July 2007		835,379	9,699	78,196	923,274
Net profit		–	–	959	959
Total recognised income and expenses for the year		–	–	959	959
Share based payment transactions	25	–	7,097	–	7,097
Equity based compensation – movement in retained earnings	26	–	–	1,142	1,142
EIS securities converted/sold/forfeited	24	2,325	–	–	2,325
Contributions of equity, net of transaction costs	24	79,690	–	–	79,690
Balance at 30 June 2008		917,394	16,796	80,297	1,014,487

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS

For the Year Ended 30 June 2009

		Consolidated		Parent entity	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		1,859,414	1,954,903	431	838
Payments to suppliers and employees (inclusive of goods and services tax)		(1,734,719)	(1,747,500)	(19,630)	(22,425)
		124,695	207,403	(19,199)	(21,587)
Interest received		16,206	15,467	3,658	2,559
Joint venture and associates distributions received		39,303	77,897	-	-
Dividends received		1,084	1,626	-	-
Borrowing costs paid		(174,409)	(173,359)	(13,478)	(12,633)
Income tax refund/(paid)		41,165	(8,114)	42,979	(6,805)
Net cash inflows/(outflows) from operating activities	38(b)	48,044	120,920	13,960	(38,466)
Cash flows from investing activities					
Payment for property, plant and equipment		(74,465)	(89,707)	-	-
Proceeds from the sale of assets		536	60,926	-	-
Payments for investment properties		(26,637)	(218,048)	-	-
Proceeds from the sale of investment properties and assets held for sale		6,000	467,283	-	-
Payments for loans to related entities		-	(142)	(75,064)	12,022
Proceeds from loans to related entities		3,290	75	-	-
Payments for loans to unrelated entities		(12,609)	-	-	-
Proceeds from loans to unrelated entities		1,108	3,632	-	-
Contributions to joint ventures and associates		(76,250)	(206,025)	-	-
Proceeds from joint ventures and associates		2,327	2,398	-	-
Purchase of controlled entities		(11,798)	(60,123)	-	-
Proceeds from sale of investments		1,005	30,256	-	-
Net cash (outflows)/inflows from investing activities		(187,493)	(9,475)	(75,064)	12,022
Cash flows from financing activities					
Proceeds from borrowings		1,273,033	1,314,931	-	-
Repayment of borrowings		(1,684,767)	(1,531,428)	-	(10,341)
Proceeds from issue of shares		1,600,546	298,337	239,739	52,991
Capital raising costs		(40,818)	-	(4,300)	-
Dividends/distributions paid		(141,160)	(201,134)	-	(8,168)
Net cash inflows/(outflows) from financing activities		1,006,834	(119,294)	235,439	34,482
Net increase/(decrease) in cash and cash equivalents		867,385	(7,849)	174,335	8,038
(Overdraft)/cash received on acquisition of business combinations	39	(209)	12,719	-	-
Cash and cash equivalents at the beginning of the period		29,273	25,294	8,038	-
Effects of exchange rate changes on cash and cash equivalents		92	(891)	-	-
Cash and cash equivalents at the end of the period	38(a)	896,541	29,273	182,373	8,038

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of Mirvac consist of the Consolidated Financial Statements of Mirvac Limited and its controlled entities including the Mirvac Property Trust and its controlled entities. These Financial Statements include the separate Financial Statements of Mirvac Limited as an individual entity.

Mirvac – stapled securities

A Mirvac Group stapled security comprises one Mirvac Limited share “stapled” to one Mirvac Property Trust unit to create a single listed entity traded on the ASX. The stapled securities cannot be traded or dealt with separately.

With the establishment of the Group and its common investors, Mirvac Limited and Mirvac Funds Limited (as responsible entity for Mirvac Property Trust) have common Directors and common business objectives, and operates as Mirvac Group with two core businesses:

- real estate investment management; and
- real estate development.

The entities forming the stapled Group entered into a Deed of Cooperation which provided that the members consider the interests of Mirvac as a whole, when entering into any agreement or arrangement, or carrying out any act. This Deed of Cooperation means that members of the stapled group, where permitted by law, will carry out activities with other members on a cost recovery basis, thereby maintaining the best interests of Mirvac as a whole.

The two Mirvac entities comprising the stapled group, remain separate legal entities in accordance with the *Corporations Act 2001*, and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the *Corporations Act 2001*. In accordance with Urgent Issues Group Interpretation 1013, “Consolidated Financial Reports in relation to Pre-Date-Of-Transition Stapling Arrangements”, Mirvac Limited has been deemed the parent entity of Mirvac Property Trust.

The stapled security structure will cease to operate on the first to occur of:

- any of Mirvac Limited or Mirvac Property Trust resolving by special resolution in general meeting and in accordance with its constitution to terminate the stapling provisions; or
- the commencement of the winding up of Mirvac Limited or Mirvac Property Trust.

The ASX reserves the right (but without limiting its absolute discretion) to remove one or more entities with stapled securities from the official list if any of their securities cease to be ‘stapled’ together, or any equity securities of the same class are issued by one entity which are not stapled to equivalent securities in the other entity or entities.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation of financial report

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (“AIFRS”), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with International Financial Reporting Standards (“IFRS”)

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements of the Group comply with IFRS. The parent entity’s Financial Statements also comply with IFRS.

Historical cost convention

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of Financial Statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Mirvac’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 2.

Principles of consolidation

i) Subsidiaries

The Consolidated Financial Statements incorporate the assets and liabilities of all subsidiaries of Mirvac as at 30 June 2009 and the results of all subsidiaries for the financial year then ended.

Subsidiaries are all those entities (including special purpose entities) over which Mirvac has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Mirvac controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to Mirvac. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by Mirvac (refer to note 1: Business combinations).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

Intercompany transactions and balances between Mirvac entities are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated Income Statement and Balance Sheet, respectively.

Investments in subsidiaries are accounted for at cost in the individual statements of Mirvac Limited (parent entity).

ii) Associates

Associates are all entities over which Mirvac has significant influence but not control or joint control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Investments in associates are accounted for in the Consolidated Financial Statements using the equity method of accounting, after initially being recognised at cost. Investments in associates are accounted for in the parent entity Financial Statements using the cost method. Mirvac's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

Mirvac's share of its associates' post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investments.

When Mirvac's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, Mirvac does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between Mirvac and its associates are eliminated to the extent of Mirvac's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by Mirvac.

Investments in associates within certain asset classes, including infrastructure investments, have been measured at fair value. Changes in fair value are recognised as income or expenses in the Income Statement in the financial year in which the change occurred.

(iii) Joint ventures

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the Financial Statements under the appropriate headings.

Joint venture entities

Interests in joint ventures are accounted for in the Consolidated Financial Statements using the equity method and are carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the entity are recognised in the Income Statement, and the share of movements in reserves is recognised in reserves in the Balance Sheet.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of Mirvac's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the Mirvac Limited entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Mirvac Limited's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non monetary financial assets such as equities classified as available for sale financial assets are included in the fair value reserve in equity.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

iii) Foreign controlled entities

The results and financial position of entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of the Balance Sheet;
- income and expenses for each Income Statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

Exchange differences are recognised in the Income Statement in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items which form part of the net investment in a foreign operation, which are recognised in the foreign currency translation reserve. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Income Statement, as part of the gain or loss on sale where applicable.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

i) Development projects and land sales

Revenue for development projects and land sales is recognised when the risks and rewards of ownership are transferred.

ii) Construction contracts

Revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately.

When the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

iii) Hotel revenue

Revenue is recognised when goods and services have been provided to the customer.

iv) Rental income

Rental revenue for operating leases is recognised on a straight line basis over the term of the lease, except when an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises. Lease incentives offered under operating leases are amortised on a straight-line basis and offset against rental income.

v) Recoverable outgoings

Recovery of outgoings as specified in lease agreements is accrued on an estimated basis and adjusted when the actual amounts are invoiced to the respective tenants.

vi) Fees

Revenues from the rendering of property funds management, property advisory and facilities management services are recognised upon the delivery of the service to the customers or where there is a signed unconditional contract for sale or purchase of assets.

vii) Interest

Interest revenue is brought to account when earned, taking into account the effective yield on the financial asset.

Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Mirvac Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Mirvac Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Mirvac Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements within the tax consolidated group are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 6(d).

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

Under the current income tax legislation Mirvac Property Trust is not liable for income tax, provided its taxable income is fully distributed to unit holders each financial year.

Leases

Leases of property, plant and equipment where Mirvac has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, securities issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of Mirvac's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1: Intangible assets). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Impairment of assets

Goodwill and intangibles that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using post-tax discount rate that reflects current market assessments of both the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised for the amount by which the asset's (or cash-generating unit ("CGU")) carrying amount exceeds its recoverable amount.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (CGU).

The lowest level at which Mirvac allocates and monitors goodwill is at the primary reporting segments level (note 3). Within each reporting segment, there are a number of CGU.

Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that Mirvac will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Income Statement.

Mezzanine loans

Mezzanine loans are loans to unrelated parties for predominately real estate property development. These loans are secured by a second ranking mortgage, behind the senior lender. Mezzanine loans are recognised initially at fair value. Collectability of loans is reviewed on an ongoing basis and those which are considered uncollectible are written off through the income statement.

Inventories

Inventories comprise development projects, construction contracts and hotel stock.

i) Development projects

Development projects are valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and all other costs directly related to specific projects, including an allocation of direct overhead expenses. Upon completion of the contract of sale, borrowing costs, and other holding charges are expensed as incurred. Profits on development projects are not brought to account until settlement of the contract of sale.

ii) Construction contracts

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under payables.

Contract costs include all costs directly related to specific contracts, and costs that are specifically chargeable to the customer under the terms of the contract.

The stage of completion is measured using the percentage of completion method unless the outcome of the contract cannot be reliably measured.

iii) Hotel stock

Hotel stock is stated at lower of cost and net realisable value.

Assets classified as held for sale

Assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Investment properties classified as held for sale are carried at fair value. An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset classified as held for sale is recognised at the date of de-recognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale are presented separately from the other assets in the Balance Sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

Investments and other financial assets

i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Mirvac provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Balance Sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the Balance Sheet.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Mirvac's management has the positive intention and ability to hold to maturity.

iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Balance Sheet date.

Purchases and sales of investments are recognised on trade-date being the date on which Mirvac commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Mirvac has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the Income Statement in the period in which they arise.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in equity are included in the Income Statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), Mirvac establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.

Impairment of financial assets

Mirvac assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value) less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Mirvac designates certain derivatives as either: (1) hedges of the fair value of recognised assets, liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

Mirvac documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Mirvac also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are recycled in the Income Statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the Balance Sheet date. The quoted market price used for financial assets held by Mirvac is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. Mirvac uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Mirvac for similar financial instruments.

Transaction costs are included in the initial carrying amounts of the financial instruments, which are not carried at fair value through profit or loss.

Property, plant and equipment

Property, plant and equipment comprises land and buildings, plant and equipment (including hotel plant and equipment), owner-occupied hotel management lots, owner-occupied freehold hotels, owner-occupied properties and investment properties under construction.

Increases in the carrying amounts arising on the revaluation of certain classes of property, plant and equipment are credited, net of tax, to the asset revaluation reserve in equity. To the extent that the increase reverses a decrease previously recognised in the Income Statement, the increase is first recognised in the Income Statement. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Income Statement.

i) Plant and equipment (including hotel plant and equipment)

Plant and equipment (including hotel plant and equipment) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

ii) Owner-occupied hotel management lots

Hotel management lots are classified as owner-occupied where the lot is owned and managed by Mirvac. The management lots, land and buildings are shown at fair value, less subsequent depreciation for buildings. Fair values are derived through annual Directors' valuations. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

iii) Owner-occupied freehold hotels

Owner-occupied freehold hotels are shown at fair value, less subsequent depreciation for buildings. Fair values are determined by external valuers on a rotation basis with one-half of the portfolio being revalued annually. Those assets which are not subject to an external valuation at the reporting date are fair valued internally by Directors. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

iv) Owner-occupied administration properties

Administration properties are classified as owner-occupied where Mirvac occupies more than 10 per cent of the total lettable area of the individual property. Owner-occupied administration properties are shown at fair value, less subsequent depreciation for buildings. Fair values are determined by external valuers on a rotation basis with one-half of the portfolio being revalued annually. Those assets which are not subject to an external valuation at the reporting date are fair valued internally by Directors. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is revalued to fair value.

v) Property under construction

Property under construction is carried at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Mirvac and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Plant and equipment	3 – 15 years
Office leasehold improvements	1 – 10 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimate recoverable amount (note 1: Impairment of assets).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement on a net basis when the risks and rewards pass to the purchaser. When revalued assets are sold, it is Mirvac's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

Investment property

i) *Investment properties*

Investment properties are properties held for long-term rental yields and for capital appreciation.

Investment properties are carried at fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases, with any gain or loss arising from a change in fair value recognised in the Income Statement in the period.

Investment properties are revalued by external valuers on a rotation basis with one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the reporting date are fair valued internally by management.

The carrying amount of the investment properties recorded in the Balance Sheet includes components relating to lease incentives.

ii) *Investment properties under redevelopment*

Existing investment properties being redeveloped for continued future use are carried at fair value.

Lease incentives

Lease incentives provided under an operating lease are recognised on a straight-line basis against rental income.

As these incentives are repaid out of future lease payments, they are recognised as an asset in the consolidated Balance Sheet as a component of the carrying amount of investment properties and amortised over the lease period.

Where the investment property is supported by a valuation that incorporates the value of fit-outs, the investment property is revalued back to the valuation amount after the lease incentive amortisation has been charged as an expense.

Intangible assets

i) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of Mirvac's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of joint ventures and associates is included in investments in joint ventures and associates respectively. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to CGU's for the purpose of impairment testing. Each of those CGU's represents Mirvac's primary reporting segments (note 3).

ii) *Management rights*

Management rights are carried at cost less accumulated amortisation and impairment losses. Amortisation is charged to the Income Statement on a straight line basis over the estimated useful lives of the intangible assets. Management rights held in relation to an unlisted property fund are amortised over the useful life of seven years. All other management rights have an indefinite useful life and are not amortised but tested annually for impairment.

iii) *Carbon sequestration rights*

Carbon sequestration rights are recorded as intangible assets and are stated at historic cost. Cost includes expenditure that is directly attributable to the acquisition of the items. Carbon sequestration rights are not amortised. Instead, carbon sequestration rights are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

Trade and other payables

These amounts represent liabilities for goods and services provided to Mirvac prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables, whose settlement is deferred, are measured at amortised cost.

Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental cost relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are classified as current liabilities unless Mirvac has an unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

Employee benefits

i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other creditors and accruals in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

ii) Long service leave

The liability for long service leave vesting within 12 months of the reporting date is recognised and is measured in accordance with (i) above and included in provisions. The liability for long service leave vesting more than 12 months from the reporting date is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates attaching, at the reporting date, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash flows.

iii) Share-based payments

Share based payments are recognised for the following plans:

Current LTI plan

The fair value at grant date is independently determined using a bi-nomial option pricing model that takes into account the exercise price, the vesting and performance criteria, the impact of dilution, the security price at grant date and expected price volatility of the underlying security, the expected dividend yield and the risk-free interest rate for the term of the equity instrument. The fair value is then expensed on a straight line basis over the vesting period of equity instruments.

Employee exemption plan

Share based expense relating to the securities issued under the employee exemption plan (EEP) are expensed to the Income Statement in the period to which they are granted with a corresponding increase to Mirvac's contributed equity.

Superseded plans

The fair value of equity instruments granted under the superseded LTI plan and EIS is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the vesting period. No expense relating to EIS has been recognised in the financial year ended 30 June 2009.

iv) Bonuses

A liability for bonuses payable is recognised in other creditors and accruals where there is a present obligation to settle the liability and at least one of the following conditions is met:

- there are formal terms for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonuses are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Mirvac recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after Balance Sheet date are discounted to present value.

vi) Retirement benefit obligations

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Provisions

Provisions for legal claims, forward contracts and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

Contributed equity

Ordinary securities are classified as equity.

Incremental costs directly attributable to the issue of new securities or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new securities or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

In accordance with AASB 2 "Share Based Payments", securities issued as part of the Mirvac LTI and EIS are not classified as ordinary securities, until such time as the employee loans are fully repaid or they leave Mirvac.

Distributions

Provision is made for the amount of any distribution declared on or before the end of the year but not distributed at balance date.

Earnings per security

i) Basic earnings per security

Basic earnings per security are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary securities outstanding during the year. In calculating basic earnings per security, securities issued under the Mirvac EIS have been excluded from the weighted average number of securities.

ii) Diluted earnings per security

Diluted earnings per security adjusts the figures used in the determination of basic earnings per security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities (including those securities issued under the EIS) and the weighted average number of securities assumed to have been issued for no consideration in relation to dilutive potential ordinary securities.

Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Comparative information

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

Rounding of amounts

Mirvac is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New accounting standards and AASB Interpretations

In the current year, Mirvac has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the current annual reporting period.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. Mirvac's assessment of the impact of these new standards and interpretations is set out below.

- AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009) AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. Mirvac will adopt AASB 8 from 1 July 2009. It is likely to result in no increase in the number of reportable segments presented. In addition, the segments will be reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated by management to groups of CGU's on a segment level, the change in reportable segment may also require a reallocation of goodwill. However, this is not expected to result in any additional impairment of goodwill.
- Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009) The revised AASB 123 has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of Mirvac, as the Group already capitalises borrowing costs relating to qualifying assets.
- Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009). The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the Financial Statements. If an entity has made a prior period adjustment or has reclassified items in the Financial Statements, it will need to disclose a third balance sheet (Statement of Financial Position), this one being as at the beginning of the comparative period. Mirvac will apply the revised standard from 1 July 2009.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

- AASB 2008-1 Amendments to Australian Accounting Standards – Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009) AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. Mirvac will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.
- Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009). The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the Income Statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to Mirvac's current policy which is set out in note 1(i) above. The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses, see note 1(b)(i). The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This is consistent with Mirvac's current accounting policy if significant influence is not retained. Mirvac will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.
- AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009) The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to IFRS are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.
- Amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to IFRS are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. Mirvac will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.
- AASB Interpretation 15 Agreements for the Construction of Real Estate (effective 1 January 2009) AASB-I 15 clarifies whether AASB 111 Construction Contracts should be applied to particular transactions. Mirvac intends to apply the interpretation from 1 July 2009. It has reviewed its current agreements for the sale of real estate in light of the new guidance and concluded that there would be a reduction \$5.95 million of after tax profit for the current financial year if the Group had adopted the interpretation for the current period.
- AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009). In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of IFRS and AASB 127 Consolidated and Separate Financial Statements. Mirvac will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Under the entity's current policy, these dividends are deducted from the cost of the investment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.
- AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008) AASB-I 16 clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the Group. It also provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. Mirvac will apply the interpretation prospectively from 1 July 2009. There will be no changes to the accounting for the existing hedge of the net investment in the United Kingdom subsidiary.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / CONTINUED

- AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009) AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. Mirvac will apply the amended standard from 1 July 2009. It is not expected to have a material impact on the Group's financial statements.
- AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its securityholders. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution. This is different to Mirvac's current policy which is to measure distributions of non-cash assets at their carrying amounts. The interpretation further clarifies when a liability for the dividend must be recognised and that it is also measured at fair value. Mirvac will apply the interpretation prospectively from 1 July 2009.
- AASB 140 (Amendment) Investment Property and consequential amendments to AASB 116 (effective from 1 January 2009). The amendments were made by AASB 2008-5 Amendments to Australia Accounting Standards arising from the Annual Improvements Project in July 2008. Property that is under construction or development for future use as investment property is within the scope of AASB 140. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The consolidated entity currently has property, plant and equipment which is being developed for use as an investment property on completion and will apply this amended standard in future reporting periods. The consolidated entity will apply the amendments from 1 July 2009. It is not expected to have a material impact on the consolidated entity's financial statements.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

a) Critical judgements in applying Mirvac's accounting policies

The following are the critical judgements (estimations are detailed below), that management has made in the process of applying Mirvac's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

i) Revenue recognition

Construction revenue

Mirvac has recognised construction revenue amounting to \$78,760,000 (2008: \$85,144,000) using the percentage of completion basis. The percentage of completion is determined by calculating the expenses incurred to date as a percentage of total estimated costs. Management is confident that the percentage of completion calculated in determining the above revenue represents that actual percentage of the completed contracts.

Development revenue

The measurement of development revenue, which is recognised when the risks and rewards of ownership are transferred, requires management to use estimations and judgements around future selling prices, selling rates and future development costs. Development revenue recognised for the period amounts to \$1,012,049,000 (2008: \$1,095,365,000).

b) Key sources of estimation uncertainty

In preparing the Financial Statements of Mirvac, management are required to make estimations and assumptions. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

i) Inventories

Mirvac is required to carry inventory at the lower of cost or net realisable value. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and cost to sell. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise and the estimate of costs to complete. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The key assumptions require the use of management judgement and are reviewed half-yearly. During the period Mirvac has expensed \$186,506,000 (2008: \$219,871,000) in relation to inventory that was carried in excess of the net realisable value.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS / CONTINUED

ii) Impairment of goodwill

Mirvac annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1. Determining whether goodwill is impaired requires an estimation of the value in use of the CGU's to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from each CGU and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the balance sheet date was \$45,536,000 (2008: \$259,474,000). There was an impairment loss recognised during the period of \$224,086,000 (2008: nil). Details on the assumptions used are provided in note 18.

iii) Estimated impairment of investments accounted for using the equity method

During the period Mirvac impaired a number of investments accounted for using the equity method. The investments are tested for impairment, by comparing recoverable amounts (higher of value in use and fair value less costs to sell) with the carrying amounts, whenever there is indication that the investment may be impaired. In determining the value in use of the investment, Mirvac estimates the present value of the estimated future cash flows expected to arise from distributions to be received from the investment and from its ultimate disposal. Details of this impairment and the assumptions used by management in assessing the impairment are provided in notes 29 and 30.

iv) Fair value of investments not traded in active markets

The fair value of investments that are not traded in an active market is determined by the unit price as advised by the Fund Manager. The unit price is determined by the net present value calculations using future cash flows and an appropriate post tax discount rate. The carrying value of investments not traded in an active market is determined using the above described techniques and assumptions are \$18,489,000 (2008: \$19,262,000) and are disclosed as financial assets at fair value through profit or loss (note 10).

v) Carrying value of management rights

The carrying value of management rights are initially carried at fair values as at the date of acquisition. Mirvac has used discounted cash flow analysis to assess the carrying value of the acquired management rights. During the period Mirvac assessed an impairment of management rights of \$48,531,000 (2008: \$18,910,000) which was expensed during the period. Further information on the impairment expense is detailed in note 18. The carrying value of management rights at 30 June 2009 was \$13,048,000 (2008: \$60,343,000) and is disclosed as part of intangibles (note 18).

vi) Valuation of investment properties and owner occupied properties

Mirvac uses judgement in respect of the fair values of investment properties and owner occupied properties. Investment properties and owner occupied properties are re-valued by external valuers on a rotation basis with approximately one half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the reporting date are fair valued internally by management. The assumptions used in the estimations of fair values include expected future market rentals, discount rates, market prices and economic conditions. The carrying value as at balance date for investment property is \$3,210,106,000 (2008: \$3,436,782,000) and owner occupied property \$255,009,000 (2008: \$285,803,000). Details on investment properties provided in note 16 and owner occupied note 17.

vii) Valuation of assets acquired in business combinations

During the year Mirvac completed the acquisitions of Mirvac Pacific Pty Limited and Mirvac UK Property Limited (note 39). On recognising these acquisitions, management used estimations and assumptions on the fair value of the assets and liabilities assumed at date of exchange.

viii) Valuation of share based payment transactions

Valuation of share based payment transactions is performed using judgements around the fair value of the equity instruments on the date at which they are granted. The fair value is determined using a bi-nominal option pricing model. Mirvac recognises a share based payment over the vesting period which is based on the estimation of the number of equity instruments likely to vest. At the end of the vesting period Mirvac will assess the total expense recognised comparison to the number of equity instruments that ultimately vested.

ix) Valuation of derivatives and other financial instruments

Mirvac uses judgement in selecting the appropriate valuation technique for financial instruments not quoted in an active market. Valuation of derivative financial instruments involves assumptions based on quoted market rates adjusted for specific features of the instrument. The valuations of any financial instrument may change in the event of market volatility.

NOTE 3. SEGMENTAL INFORMATION

a) Primary segments

Mirvac's segment reporting format is that of business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Mirvac is organised into two core and one non core business areas:

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. SEGMENTAL INFORMATION / CONTINUED

Development

The Development segment's primary operations are property development and construction of residential, commercial, industrial and retail development projects throughout Australia. In addition project management fees are received from the management of development and construction projects on behalf of joint ventures and residential development funds.

Investment

Investment holds investments in properties covering the retail, commercial, industrial and hotel sectors, held for the purpose of producing rental income throughout Australia, predominately through MPT and its subsidiary trusts. Income is also derived from investments in associated entities including Mirvac Real Estate Investment Trust and Mirvac Industrial Trust. Fees are also received by Mirvac Asset Management which provides asset management services.

Investment Management

Investment Management and Hotel's facilitate capital interaction between Mirvac's two core divisions being Investment and Development, and undertake the management of external funds and hotels across Australasia.

b) Geographical segment

Mirvac operates predominantly in Australia.

c) Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are based on an arm's length basis and are eliminated on consolidation.

	Development	Investment	Investment management				
		MPT/MAM	Hotel	External	Unallocated	Elimination	Totals
	\$'000	\$'000	Management	Funds	\$'000	\$'000	\$'000
2009			\$'000	\$'000			
Revenue							
Development and construction revenue	1,093,006	–	–	–	–	(2,197)	1,090,809
Development management fee revenue	31,625	–	–	–	–	(7,400)	24,225
Rental revenue from investment properties	61	333,792	–	–	–	(3,922)	329,931
Hotel operations revenue	–	–	147,367	–	–	–	147,367
Investment management fee revenue	5,079	9,673	–	33,743	–	(1,880)	46,615
Interest revenue	9,424	1,030	478	8,005	4,695	(657)	22,975
Dividend and distribution revenue	196	1,091	–	109	–	(312)	1,084
Other revenue	5,617	3,078	541	1,575	2,103	(121)	12,793
Inter-segment sales	105,095	67,776	–	30	2,608	(175,509)	–
Total revenue	1,250,103	416,440	148,386	43,462	9,406	(191,998)	1,675,799
Gain on financial instruments	–	–	–	–	113,306	–	113,306
Net gain on sale of investments	–	–	–	985	–	–	985
Net gain on sale of property, plant and equipment	8	–	25	–	5	–	38
Total other income	8	–	25	985	113,311	–	114,329
Total revenues and other income	1,250,111	416,440	148,411	44,447	122,717	(191,998)	1,790,128
Net loss from fair value adjustments on investment properties	–	515,584	–	–	–	(28,381)	487,203
Foreign exchange loss	–	–	(80)	–	72,594	–	72,514
Net loss on assets classified as held for sale	83	–	–	–	–	–	83
Cost of property development and construction	1,075,229	–	–	–	–	(104,039)	971,190
Investment property outgoing	–	81,279	–	30	–	71	81,380
Hotel operating expenses	–	–	48,096	–	–	(2,757)	45,339
Share of net loss of associates and joint ventures accounted for using the equity method	9,692	119,749	–	21,383	–	7,171	157,995
Employees benefits expense	47,422	15,792	69,917	22,187	28,607	(86)	183,839
Depreciation and amortisation	3,005	13,290	5,277	898	2,620	3,166	28,256
Impairment of goodwill, management rights and other intangibles	125,882	–	–	146,735	–	1,028	273,645
Impairment of investments in associates and joint ventures	9,950	16,446	–	15,200	–	–	41,596
Impairment of loans	40,687	–	–	18,699	–	–	59,386
Finance costs expense	53,325	76,641	124	14,294	13,930	(70,383)	87,931
Loss on financial instruments	–	110,261	–	177	34,487	(457)	144,468
Selling and marketing expense	16,359	863	8,026	22	168	–	25,438
Provision for loss on inventory	186,506	–	–	–	–	–	186,506
Other expenses	36,704	12,898	4,737	25,846	12,483	(4,764)	87,904
Loss before income tax	(354,733)	(546,363)	12,314	(221,024)	(42,172)	7,433	(1,144,545)
Income tax benefit	–	–	–	–	–	–	65,307
Loss for the year							(1,079,238)
Profit attributable to minority interest	–	–	–	–	–	–	1,137
Net loss attributable to the stapled securityholders of the Group							(1,078,101)

NOTE 3. SEGMENTAL INFORMATION / CONTINUED

	Development	Investment	Investment management				
			Hotel	External			
	\$'000	MPT/MAM \$'000	Management \$'000	Funds \$'000	Unallocated \$'000	Elimination \$'000	Totals \$'000
2008							
Revenue							
Development and construction revenue	1,185,037	–	–	–	–	(4,528)	1,180,509
Development management fee revenue	39,277	–	–	–	–	(8,786)	30,491
Rental Revenue from investment properties	2,014	324,803	–	–	–	(4,288)	322,529
Hotel operations revenue	–	–	164,828	–	–	(1,080)	163,748
Investment management fee revenue	4,820	16,182	–	39,604	–	(822)	59,784
Interest revenue	6,334	2,209	779	7,987	5,310	(3,312)	19,307
Dividend and distribution revenue	–	1,977	–	15	–	(366)	1,626
Other revenue	10,269	13,489	1,330	5,312	70	(10,643)	19,827
Inter-segment sales	71,919	68,928	–	48	2,657	(143,552)	–
Total revenue	1,319,670	427,588	166,937	52,966	8,037	(177,377)	1,797,821
Net gain from fair value adjustments on investment properties	–	181,808	–	–	–	(35,538)	146,270
Gain on financial instruments	–	19,533	–	–	6,186	(574)	25,145
Foreign exchange gain	–	–	(316)	–	51,748	–	51,432
Net gain on sale of investments	–	–	–	2,406	–	–	2,406
Net gain on the sale of investment	–	41,146	–	–	–	–	41,146
Net gain on assets classified as held for sale	–	48,578	–	–	–	–	48,578
Net gain on sale of property, plant and equipment	16,704	(41)	(168)	(179)	(464)	–	15,852
Total other income	16,704	291,024	(484)	2,227	57,470	(36,112)	330,829
Total revenues and other income	1,336,374	718,612	166,453	55,193	65,507	(213,489)	2,128,650
Cost of property development and construction	1,022,867	–	–	–	–	(63,209)	959,658
Investment property outgoings	–	78,152	–	30	–	(32)	78,150
Hotel operating expenses	–	–	56,051	–	–	(2,372)	53,679
Share of net loss of associates and joint ventures accounted for using equity method	(26,258)	(10,611)	–	85,293	–	1,784	50,208
Employees benefits expense	45,974	20,011	75,378	14,477	45,988	–	201,828
Depreciation and amortisation	3,338	11,159	4,906	863	1,882	5,580	27,728
Impairment of goodwill, management rights and other intangibles	–	–	–	18,910	–	–	18,910
Impairment of investments in associates and joint ventures	–	76,110	–	–	–	–	76,110
Finance costs expense	70,051	114,268	1,376	12,881	12,850	(71,538)	139,888
Loss on financial instruments	–	–	–	24,778	34	24,812	–
Selling and marketing expense	33,017	523	8,921	184	346	–	42,991
Provision for loss on inventory	219,871	–	–	–	–	–	219,871
Other expenses	33,295	25,041	6,175	16,478	19,787	(18,488)	82,288
Profit/(loss) before income tax	(65,781)	403,959	13,646	(93,923)	(40,124)	(65,248)	152,529
Income tax benefit	–	–	–	–	–	–	22,865
Profit for the year							175,394
Loss attributable to minority interest	–	–	–	–	–	–	(3,592)
Net profit attributable to the stapled securityholders of the Group							171,802

	Development	Investment	Investment management				
			Hotel	External			
	\$'000	MPT/MAM \$'000	Management \$'000	Funds \$'000	Unallocated \$'000	Elimination \$'000	Totals \$'000
June 2009							
Total assets	5,572,133	5,387,996	343,150	634,292	5,509,866	(10,073,600)	7,373,837
Total liabilities	5,661,088	987,202	287,410	804,971	4,492,374	(9,732,010)	2,501,035
Investment in associates and joint ventures	201,037	227,415	–	19,245	–	(50,049)	397,648
Acquisitions of investments and property, plant and equipment	99,598	9,778	2,033	4,330	1,909	–	117,648
Depreciation and amortisation expense	3,005	13,290	5,277	898	2,620	3,166	28,256
June 2008							
Total assets	5,129,143	5,255,416	293,299	866,762	4,612,363	(8,662,245)	7,494,738
Total liabilities	4,917,146	1,636,138	242,492	829,597	3,808,063	(8,348,865)	3,084,571
Investment in associates and joint ventures	241,612	366,928	–	38,542	–	(46,900)	600,182
Acquisitions of investments and property, plant and equipment	3,403	233,376	4,527	552	6,690	–	248,548
Depreciation and amortisation expense	3,338	11,159	4,906	863	1,882	5,580	27,728

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. REVENUE AND OTHER INCOME

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Development and construction revenue				
Development revenue	1,012,049	1,095,365	-	-
Construction revenue	78,760	85,144	-	-
Total development and construction revenue	1,090,809	1,180,509	-	-
Interest revenue				
Cash and cash equivalents	13,597	11,316	3,658	2,559
Joint venture and related party loans	5,865	3,481	-	-
Mezzanine loans	3,513	4,489	-	-
Others	-	21	-	-
Total interest revenue	22,975	19,307	3,658	2,559
Gain on financial instruments				
Gain on interest rate derivatives	-	24,758	-	-
Gain on revaluation of other financial instruments	-	387	-	-
Gain on revaluation cross currency derivatives	113,306	-	-	-
Gain on financial instruments	113,306	25,145	-	-

NOTE 5. EXPENSES

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(Loss)/profit before income tax expense includes the following specific expenses				
Finance costs				
Interest and finance charges paid/payable net of provision release	158,023	178,156	13,373	12,626
Amount capitalised	(104,055)	(77,850)	-	-
Interest capitalised in current and prior years expensed this year net of provision release	31,571	37,045	-	-
Borrowing costs amortised	2,392	2,537	-	60
Finance costs expense	87,931	139,888	13,373	12,686
Depreciation				
Plant and equipment	10,174	9,250	-	-
Owner-occupied management lots	1,448	1,345	-	-
Owner-occupied freehold hotels	689	859	-	-
Owner-occupied administration properties	4,256	6,359	-	-
Office leasehold improvements	43	-	-	-
Total depreciation	16,610	17,813	-	-
Amortisation				
Lease fit-outs	8,320	6,550	-	-
Amortisation of intangibles	439	701	-	-
Deferred expenses	2,887	2,664	-	-
Total amortisation	11,646	9,915	-	-
Total depreciation and amortisation	28,256	27,728	-	-

NOTE 5. EXPENSES / CONTINUED

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Loss on financial instruments				
Loss on cross currency derivatives	–	24,812	–	–
Loss on interest rate derivatives	143,396	–	–	–
Loss on revaluation of other financial instruments	1,072	–	–	–
Loss on financial instruments	144,468	24,812	–	–
Other charges against assets				
Provision for loss on inventory	186,506	219,871	–	–
Bad and doubtful debts – trade debtors	1,082	594	–	–
Impairment of goodwill, management rights and other intangibles	273,645	18,910	–	–
Impairment of investments including associates and joint ventures	41,596	76,110	–	–
Impairment of loans	59,386	–	–	–
Other provisions – long service leave	681	2,601	–	–
Rental expense relating to operating leases	5,945	3,652	–	–

NOTE 6. INCOME TAX

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
a) Income tax (benefit)				
Current tax	7,522	(1,853)	(6,492)	(13,339)
Deferred tax	(70,083)	(20,479)	620	(210)
(Over)/under provided in prior years	(2,746)	(533)	3,033	(705)
Income tax (benefit)	(65,307)	(22,865)	(2,839)	(14,254)
Deferred income tax/(benefit) included in income tax (benefit)/expense comprises				
– Decrease/(increase) in deferred tax assets	10,964	(50,042)	1,078	(453)
– (Decrease)/increase in deferred tax liabilities	(81,047)	29,563	(458)	243
Deferred income tax (benefit)/expense	(70,083)	(20,479)	620	(210)
b) Numerical reconciliation of income tax (benefit) to prima facie tax payable				
Profit from continuing operations before income tax expense	(1,144,545)	152,529	(10,649)	(13,295)
Income tax calculated at 30%	(343,363)	45,758	(3,195)	(3,989)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income				
– Non-deductible impairment of goodwill, management rights and other intangibles	81,947	5,700	–	–
– Non-deductible impairment of investments including associates and joint ventures	6,787	25,500	–	–
– Non-deductible impairment of loans	12,806	–	–	–
– Other non-deductible /non assessable items	19,473	4,876	–	–
– Utilisation of prior year tax losses not previously recognised	(2,677)	–	(2,677)	(9,560)
– Trust net loss/(income)	162,466	(104,166)	–	–
(Over)/under provision in previous year	(62,561)	(22,332)	(5,872)	(13,549)
	(2,746)	(533)	3,033	(705)
Income tax (benefit)	(65,307)	(22,865)	(2,839)	(14,254)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. INCOME TAX / CONTINUED

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
c) Tax losses				
Unused tax losses incurred by Australian entities for which no deferred tax asset has been recognised	57,551	66,478	57,551	66,478
Potential tax benefit at 30%	17,265	19,943	17,265	19,943

d) Tax consolidation legislation

Mirvac Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy in relation to this legislation is set out in note 1. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Mirvac Limited.

The entities within the consolidated tax group have also entered into a tax funding agreement under which the wholly owned entities fully compensate Mirvac Limited for any current tax payable assumed and are compensated by Mirvac Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Mirvac Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
e) Current tax assets				
Tax receivable	6,428	63,301	7,596	55,309

f) Net deferred tax liabilities

Non-current assets – deferred tax assets

The balance comprises temporary differences attributable to:

Amounts recognised in income statement

– Employee provisions	8,468	10,207	–	–
– Accrued expenses	9,541	17,277	(63)	446
– Provision for diminution in investments	–	–	1,500	1,500
– Unearned profits with associates	15,189	12,246	–	–
– Derivative financial instruments	8,868	23,951	–	–
– Impairment of loans	5,097	–	–	–
– Tax losses of prior years	7,359	–	5,608	–
– Property, plant and equipment	3,401	–	–	–
– Receivables	338	–	–	–
– Other	–	–	(40)	(127)

Amounts recognised directly in equity

– Share capital raising costs	1,714	441	1,714	441
Deferred tax assets	59,975	64,122	8,719	2,260

NOTE 6. INCOME TAX / CONTINUED

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
f) Net deferred tax liabilities / continued				
Non-current liabilities – deferred tax liabilities				
The balance comprises temporary differences attributable to:				
<i>Amounts recognised in income statement</i>				
– Inventory	16,563	77,345	–	–
– Receivables	–	4,710	–	–
– Equity accounted investments	7,011	15,427	–	–
– Property, plant and equipment	–	(688)	–	–
– Foreign exchange translation gains	12,969	34,629	–	–
– Other	3,743	–	54	425
<i>Amounts recognised directly in equity</i>				
– Revaluation of property, plant and equipment	6,556	8,039	–	–
Deferred tax liabilities	46,842	139,462	54	425
Net deferred tax assets/(liabilities)	13,133	(75,340)	8,665	1,835

Movements in deferred tax

	Employee Provisions \$'000	Accrued Expenses \$'000	Provisions for Diminution in Investments \$'000	Unearned Profits with Associates \$'000	Derivative Financial Instruments \$'000	Impairment of loans \$'000	Tax losses \$'000	Property Plant & Equipment \$'000
Consolidated								
Opening balance at 1 July 2007	14,886	8,314	–	5,193	(18,996)	–	–	19
(Credited)/charged to the income statement	(4,679)	8,963	–	7,053	42,947	–	–	669
Credited to equity	–	–	–	–	–	–	–	–
Acquisition of subsidiary	–	–	–	–	–	–	–	–
Closing balance at 30 June 2008	10,207	17,277	–	12,246	23,951	–	–	688
(Credited)/charged to the income statement	(1,782)	(7,736)	–	2,943	(15,083)	5,097	(1,611)	2,729
Credited to equity	–	–	–	–	–	–	–	–
Transfer of prior year tax losses from current tax	–	–	–	–	–	–	7,359	–
Disposal of subsidiary	–	–	–	–	–	–	–	–
Acquisition of subsidiary	43	–	–	–	–	–	1,611	(16)
Closing balance at 30 June 2009	8,468	9,541	–	15,189	8,868	5,097	7,359	3,401
Parent								
Opening balance at 1 July 2007	–	129	1,500	–	(337)	–	–	–
(Credited)/charged to the income statement	–	317	–	–	337	–	–	–
Credited to equity	–	–	–	–	–	–	–	–
Closing balance at 30 June 2008	–	446	1,500	–	–	–	–	–
(Credited)/charged to the income statement	–	(509)	–	–	–	–	–	–
Credited to equity	–	–	–	–	–	–	–	–
Transfer of prior year tax losses from current tax	–	–	–	–	–	–	5,608	–
Closing balance at 30 June 2009	–	(63)	1,500	–	–	–	5,608	–

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. INCOME TAX / CONTINUED

Movements in deferred tax

	Receivables \$'000	Share Capital Raising Costs \$'000	Inventory \$'000	Equity Accounted Investments \$'000	Foreign Exchange Translation Gains/(Losses) \$'000	Other \$'000	Revaluation of Property, Plant & Equipment \$'000	Total \$'000
Consolidated								
Opening balance at 1 July 2007	-	74	(102,828)	(10,855)	18,000	(2,167)	(4,428)	(92,788)
(Credited)/charged to the income statement	(4,710)	(201)	25,483	(4,572)	(52,629)	2,155	-	20,479
Credited to equity	-	568	-	-	-	-	(3,611)	(3,043)
Acquisition of subsidiary	-	-	-	-	-	12	-	12
Closing balance at 30 June 2008	(4,710)	441	(77,345)	(15,427)	(34,629)	-	(8,039)	(75,340)
(Credited)/charged to the income statement	5,048	(569)	54,818	8,416	21,660	(3,847)	-	70,083
Credited to equity	-	1,842	-	-	-	-	1,483	3,325
Transfer of prior year tax losses from current tax	-	-	-	-	-	-	-	7,359
Disposal of subsidiary	-	-	-	-	-	(72)	-	(72)
Acquisition of subsidiary	-	-	5,964	-	-	176	-	7,778
Closing balance at 30 June 2009	338	1,714	(16,563)	(7,011)	(12,969)	(3,743)	(6,556)	13,133
Parent								
Opening balance at 1 July 2007	-	74	-	-	-	(309)	-	1,057
(Credited)/charged to the income statement	-	(201)	-	-	-	(243)	-	210
Credited to equity	-	568	-	-	-	-	-	568
Closing balance at 30 June 2008	-	441	-	-	-	(552)	-	1,835
(Credited)/charged to the income statement	-	(569)	-	-	-	458	-	(620)
Credited to equity	-	1,842	-	-	-	-	-	1,842
Transfer of prior year tax losses from current tax	-	-	-	-	-	-	-	5,608
Closing balance at 30 June 2009	-	1,714	-	-	-	(94)	-	8,665

NOTE 7. EARNINGS PER SECURITY

	Consolidated	
	2009 Cents	2008 Cents
Earnings per security¹		
Basic earnings per security	(65.21)	14.86
Diluted earnings per security ²	(64.53)	14.62
	\$'000	\$'000
Reconciliation of earnings used in calculating earnings per security		
Basic and diluted earnings per security		
Net (loss)/profit used in calculating earnings per security	(1,078,101)	171,802
	Number \$'000	Number \$'000
Weighted average number of securities after rights issue notional adjustment used as denominator¹		
Weighted average number of securities used in calculating basic earnings per security	1,653,361,987	1,156,389,937
Adjustment for calculation of diluted earnings per security Securities issued under EIS	17,402,031	18,516,432
Weighted average number of securities used in calculating diluted earnings per security	1,670,764,018	1,174,906,369

1) Current and prior year numbers have been adjusted to reflect the impact of the rights issues, as required by accounting standard AASB 133. This is because the exercise price of the rights issue was less than the fair value of the securities and so includes a bonus element. The number of ordinary securities for both periods prior to the rights issue is multiplied by the fair value per share immediately before the exercise of rights divided by the theoretical ex-rights fair value per share.

2) Diluted securities does not include the options and rights issued under the current LTI plan as the exercise of these equity instruments are contingent on conditions during the vesting period.

NOTE 8. RECEIVABLES

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current receivables				
Trade receivables	87,039	97,227	–	–
Provision for doubtful debts	(1,924)	(1,314)	–	–
	85,115	95,913	–	–
Amounts due from related entities	27,126	75,363	–	–
Amounts due from subsidiaries	–	–	2,917,646	2,603,061
Amounts due from unrelated entities	7,323	6,492	–	–
Mezzanine loans	20,574	26,263	–	–
Accrued income	11,333	34,367	–	–
Other receivables	96,978	72,118	32	449
	248,449	310,516	2,917,678	2,603,510
Non-current receivables				
Loans to directors and employees	7,513	4,003	7,493	3,998
Amounts due from related entities	131,180	111,117	3,021	–
Other receivables	65,460	67,065	–	–
	204,153	182,185	10,514	3,998

Further information in relation to amounts due from related entities is set out in note 35 and loans to KMP is set out in note 33.

a) Trade receivables

The average credit period on sales of goods is 30 days. No interest is charged on any outstanding trade receivables. Refer to note 8 (d) on discussions regarding the credit risk of receivables.

b) Other receivables

These amounts generally arise from transactions outside of the classification of trade receivables such as GST receivables and other sundry debtors.

c) Bad and doubtful trade receivables

Movements in the provision for doubtful debts are detailed below:

	Consolidated	
	2009 \$'000	2008 \$'000
Opening balance at 1 July	(1,314)	(958)
Amounts written off during the year	472	238
Increase in allowance recognised in profit and loss	(1,082)	(594)
Closing balance 30 June	(1,924)	(1,314)

Mirvac has written off \$472,000 (2008: \$238,000) of bad and doubtful trade receivables during the current year. This loss has been applied against the provision for doubtful debts.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. RECEIVABLES / CONTINUED

d) Credit risk

Receivables consist of a large number of customers. Mirvac does not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of its customers and, where appropriate, an allowance for doubtful debtors is raised. Mirvac holds collateral in certain circumstances which takes the form of either bank guarantees, security deposits, personal guarantee or mortgage over property until completion. There is no concentration of credit risk with respect to receivables as Mirvac has a large number of customers, geographically dispersed.

The ageing of receivables is detailed below:

	Consolidated 2009		Consolidated 2008	
	Total receivables \$'000	Bad debt allowance \$'000	Total receivables \$'000	Bad debt allowance \$'000
Not past due	400,473	(150)	456,339	–
Renegotiated	–	–	–	–
Past due 1 – 30 days	36,167	–	19,840	–
Past due 31 – 60 days	5,797	–	6,471	–
Past due 61 – 90 days	1,496	(29)	3,648	–
Past due 91 – 120 days	6,857	(830)	1,092	–
Past 120 days	3,736	(915)	6,625	(1,314)
	454,526	(1,924)	494,015	(1,314)

The parent entity has no balances past due. Under certain circumstances, Mirvac has not provided for all balances past due as it has been determined that there has not been a significant change in credit quality at reporting date based upon the customer's payment history and analysis of the customer's financial accounts.

The Group holds collateral over receivables of \$131,495,000 (2008: \$75,177,000). The fair value of the collateral held equals the fair value of the receivables for which the collateral is held. The terms of the collateral are if payment due is not received per the agreed terms, Mirvac is able to claim the collateral held.

e) Interest rate risk exposures

Refer to note 36 for Mirvac's exposure to interest rate risk.

NOTE 9. INVENTORIES

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Development projects				
– Cost of acquisition	389,203	281,581	–	–
– Development costs	298,333	46,085	–	–
– Borrowing costs capitalised during development	69,699	40,379	–	–
– Provision for losses	(255,721)	(54,825)	–	–
	501,514	313,220	–	–
Construction work in progress (amount due from customers for contract work)				
– Contract costs incurred and recognised profits less recognised losses	760,756	946,817	–	–
– Borrowing costs capitalised during construction	7,913	1,918	–	–
– Progress billings	(681,346)	(579,990)	–	–
	87,323	368,745	–	–
Hotel inventories	1,203	1,188	–	–
Total current inventory	590,040	683,153	–	–

NOTE 9. INVENTORIES / CONTINUED

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Non-current				
Development projects				
– Cost of acquisition	655,888	675,910	–	–
– Development costs	375,620	311,814	–	–
– Borrowing costs capitalised during development	123,442	85,206	–	–
– Provision for losses	(148,165)	(189,728)	–	–
	1,006,785	883,202	–	–
Construction work in progress (amount due from customers for contract work)				
– Contract costs incurred and recognised profits less recognised losses	73,783	514,938	–	–
– Borrowing costs capitalised	1,965	20,796	–	–
– Progress billings	(2,197)	(418,094)	–	–
	73,551	117,640	–	–
Total non-current inventory	1,080,336	1,000,842	–	–
Aggregate carrying amount of inventories				
Current	590,040	683,153	–	–
Non current	1,080,336	1,000,842	–	–
Total inventory	1,670,376	1,683,995	–	–

**NOTE 10. OTHER FINANCIAL ASSETS AT FAIR VALUE
THROUGH PROFIT OR LOSS**

		Consolidated		Parent entity	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Units in unlisted fund					
Opening balance at 1 July		19,262	17,770	–	–
(Loss)/gain on revaluation		(773)	1,492	–	–
Closing balance at 30 June	29	18,489	19,262	–	–

Changes in fair values of other financial assets at fair value through profit or loss are recorded as (loss)/gain on financial instruments in the Income Statement.

Price risk exposures

Refer to note 36 for Mirvac's exposure to price risk on other financial assets at fair value through profit or loss.

NOTE 11. ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Investment properties	–	6,274	–	–

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. OTHER ASSETS

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Prepayments	20,880	16,350	250	12
Monies held in trust	20,179	33,039	–	–
	41,059	49,389	250	12

NOTE 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		Consolidated		Parent entity	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance sheet					
Investment accounted for using the equity method					
Interests in associates	29	168,381	284,180	–	–
Interests in joint ventures	30	229,267	316,002	–	–
		397,648	600,182	–	–
Income statement					
Share of net loss of associates and joint ventures accounted for using the equity method					
Interests in associates	29	(101,158)	7,508	–	–
Interests in joint ventures	30	(56,837)	(57,716)	–	–
		(157,995)	(50,208)	–	–

NOTE 14. DERIVATIVE FINANCIAL ASSETS

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Interest rate swap contracts – fair value	5,520	–	–	–
	5,520	–	–	–
Non-current				
Interest rate swap contracts – fair value	4,838	89,423	–	–
Interest rate collar contracts – fair value	–	5,704	–	–
Cross currency swaps – fair value	2,674	–	–	–
	7,512	95,127	–	–

a) Instruments used by Mirvac

Refer to note 36 for information on instruments used by Mirvac.

b) Interest rate risk exposures

Refer to note 36 for Mirvac's exposure to interest rate risk on interest rate swaps.

NOTE 15. OTHER FINANCIAL ASSETS

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Shares in subsidiaries	–	–	341,583	321,805

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1: Principles of consolidation:

NOTE 15. OTHER FINANCIAL ASSETS / CONTINUED
a) Shares held in controlled entities of Mirvac

			2009 %	2008 %
Name of entity	Country of incorporation	Class of shares/units	Equity Holding	Equity Holding
107 Mount Street Head Trust	Australia	Units	100	100
107 Mount Street Sub-Trust	Australia	Units	100	100
197 Salmon Street Pty Limited ²	Australia	Ordinary	100	100
A.C.N. 087 773 859 Pty Limited (formerly Domaine Services Pty Limited)	Australia	Ordinary	100	100
A.C.N. 110 698 603 Pty Limited (formerly Domaine Holdings Pty Limited) ²	Australia	Ordinary	100	100
Australian Sustainable Investments Fund ¹	Australia	Units	35	35
Banksia Unit Trust ⁵	Australia	Units	100	–
Cambridge Management Services Pty Limited ²	Australia	Ordinary	100	100
CMS Holdings (Mircac) Pty Limited 2	Australia	Ordinary	100	100
Domaine Property Funds Limited (formerly Mirvac Domaine Property Funds Limited) ²	Australia	Ordinary	–	100
Ford Mirvac Unit Trust	Australia	Units	100	100
Fyfe Road Pty Limited (formerly Domaine Fyfe Road Pty Limited)	Australia	Ordinary	100	100
Hexham Project Pty Limited	Australia	Ordinary	100	100
HIR Boardwalk Tavern Pty Limited ²	Australia	Ordinary	100	100
HIR Golf Club Pty Limited ²	Australia	Ordinary	100	100
HIR Golf Course Pty Limited ²	Australia	Ordinary	100	100
HIR Property Management Holdings Pty Limited ²	Australia	Ordinary	100	100
HIR Property Management Pty Limited ²	Australia	Ordinary	100	100
HIR Tavern Freehold Pty Limited ²	Australia	Ordinary	100	100
Hope Island Resort Services Limited ²	Australia	Ordinary	100	100
Hoxton Park Airport Limited ²	Australia	Ordinary	100	100
HPAL Holdings Pty Limited ²	Australia	Ordinary	100	100
Industrial Commercial Property Solutions (Finance) Pty Limited ²	Australia	Ordinary	100	100
Industrial Commercial Property Solutions (Holdings) Pty Limited	Australia	Ordinary	79	79
JF (ASIF) Pty Limited ²	Australia	Ordinary	100	100
Magenta Shores Unit Trust ⁶	Australia	Units	100	–
Magenta Unit Trust	Australia	Units	100	100
MFM US Real Estate, Inc	United States	Common	100	100
MGR US Real Estate, Inc	United States	Common	100	100
Mircac (Beacon Cove) Pty Limited ²	Australia	Ordinary	100	100
Mircac (Docklands) Pty Limited ²	Australia	Ordinary	100	100
Mircac (WA) Pty Limited ²	Australia	Ordinary	100	100
Mircac (Walsh Bay) Pty Limited ²	Australia	Ordinary	100	100
Mircac Advisory Pty Limited ²	Australia	Ordinary	100	100
Mircac Aero Company Pty Limited ²	Australia	Ordinary	100	100
Mircac Capital Investments Pty Limited ²	Australia	Ordinary	100	100
Mircac Capital Pty Limited ²	Australia	Ordinary	100	100
Mircac Commercial Funding Pty Limited ²	Australia	Ordinary	100	100
Mircac Commercial Sub SPV Pty Limited ²	Australia	Ordinary	100	100
Mircac Constructions (Homes) Pty Limited ²	Australia	Ordinary	100	100
Mircac Constructions (QLD) Pty Limited ²	Australia	Ordinary	100	100
Mircac Constructions (SA) Pty Limited ²	Australia	Ordinary	100	100
Mircac Constructions (VIC) Pty Limited ²	Australia	Ordinary	100	100
Mircac Constructions (WA) Pty Limited ²	Australia	Ordinary	100	100
Mircac Constructions Pty Limited ²	Australia	Ordinary	100	100
Mircac Design Pty Limited ²	Australia	Ordinary	100	100
Mircac Developments NZ Limited	New Zealand	Ordinary	100	100
Mircac Developments Pty Limited ²	Australia	Ordinary	100	100
Mircac Elderslie Pty Limited	Australia	Ordinary	100	100

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. OTHER FINANCIAL ASSETS / CONTINUED

a) Shares held in controlled entities of Mirvac / continued

Name of entity	Country of incorporation	Class of shares/units	2009	2008
			% Equity Holding	% Equity Holding
Mirvac ESAT Pty Limited ²	Australia	Ordinary	100	100
Mirvac Finance Limited ²	Australia	Ordinary	100	100
Mirvac Funds Limited ²	Australia	Ordinary	100	100
Mirvac Funds Management Limited ²	Australia	Ordinary	100	100
Mirvac George Street Pty Limited ²	Australia	Ordinary	100	100
Mirvac Group Finance Limited ²	Australia	Ordinary	100	100
Mirvac Group Funding Limited ²	Australia	Ordinary	100	100
Mirvac Harbourn Pty Limited ²	Australia	Ordinary	100	100
Mirvac Holdings (WA) Pty Limited ²	Australia	Ordinary	100	100
Mirvac Holdings Limited ²	Australia	Ordinary	100	100
Mirvac Homes (NSW) Pty Limited ²	Australia	Ordinary	100	100
Mirvac Homes (QLD) Pty Limited ²	Australia	Ordinary	100	100
Mirvac Homes (SA) Pty Limited ²	Australia	Ordinary	100	100
Mirvac Homes (VIC) Pty Limited ²	Australia	Ordinary	100	100
Mirvac Homes (WA) Pty Limited ²	Australia	Ordinary	100	100
Mirvac Home Builders (VIC) Pty Limited ²	Australia	Ordinary	100	100
Mirvac Hotel Services Pty Limited	Australia	Ordinary	100	100
Mirvac Hotels Pty Limited ³	Australia	Ordinary	100	100
Mirvac ID (Bromelton) Pty Limited	Australia	Ordinary	100	100
Mirvac ID (Bromelton) Sponsor Pty Limited	Australia	Ordinary	100	100
Mirvac Industrial Developments Pty Limited ²	Australia	Ordinary	100	100
Mirvac International (Middle East) Pty Limited ²	Australia	Ordinary	100	100
Mirvac International (Middle East) No. 2 Pty Limited ²	Australia	Ordinary	100	100
Mirvac International (Middle East) No. 3 Pty Limited ⁴	Australia	Ordinary	100	–
Mirvac International Investments Limited ²	Australia	Ordinary	100	100
Mirvac International No 3 Pty Limited ²	Australia	Ordinary	100	100
Mirvac International Pty Limited ²	Australia	Ordinary	100	100
Mirvac JV's Pty Limited ²	Australia	Ordinary	100	100
Mirvac Management Limited ²	Australia	Ordinary	100	100
Mirvac Mandurah Pty Limited ²	Australia	Ordinary	100	100
Mirvac National Developments Pty Limited (formerly Mirvac Treasury No.2 Pty Limited) ²	Australia	Ordinary	100	100
Mirvac Newcastle Pty Limited ²	Australia	Ordinary	100	100
Mirvac Pacific Pty Limited ⁹	Australia	Ordinary	100	–
Mirvac Parking Pty Limited ²	Australia	Ordinary	100	100
Mirvac Parklea Pty Limited	Australia	Ordinary	100	100
Mirvac PFA Limited ²	Australia	Ordinary	100	100
Mirvac Precinct 2 Pty Limited ²	Australia	Ordinary	100	100
Mirvac Projects No 2 Pty Limited ²	Australia	Ordinary	100	100
Mirvac Projects Pty Limited ²	Australia	Ordinary	100	100
Mirvac Properties Pty Limited ²	Australia	Ordinary	100	100
Mirvac Property Advisory Services Pty Limited ²	Australia	Ordinary	100	100
Mirvac Property Services Pty Limited ²	Australia	Ordinary	100	100
Mirvac Queensland Pty Limited ²	Australia	Ordinary	100	100
Mirvac Real Estate Debt Funds Pty Limited ²	Australia	Ordinary	100	100
Mirvac Real Estate Pty Limited ²	Australia	Ordinary	100	100
Mirvac REIT Management Limited ²	Australia	Ordinary	100	100
Mirvac Retail Head SPV Pty Limited ²	Australia	Ordinary	100	100
Mirvac Retail Sub SPV Pty Limited ²	Australia	Ordinary	100	100
Mirvac Rockbank Pty Limited ²	Australia	Ordinary	100	100
Mirvac Services Pty Limited ²	Australia	Ordinary	100	100
Mirvac South Australia Pty Limited ²	Australia	Ordinary	100	100

NOTE 15. OTHER FINANCIAL ASSETS / CONTINUED

a) Shares held in controlled entities of Mirvac / continued

			2009 %	2008 %
Name of entity	Country of incorporation	Class of shares/units	Equity Holding	Equity Holding
Mirvac Spring Farm Limited ²	Australia	Ordinary	100	100
Mirvac Treasury Limited ²	Australia	Ordinary	100	100
Mirvac Treasury No 3 Limited ²	Australia	Ordinary	100	100
Mirvac UK Limited	United Kingdom	Ordinary	100	100
Mirvac UK Property Limited	United Kingdom	Ordinary	100	100
Mirvac UK Services Limited	United Kingdom	Ordinary	100	100
Mirvac Victoria Pty Limited ²	Australia	Ordinary	100	100
Mirvac Wholesale Funds Management Limited	Australia	Ordinary	100	100
Mirvac Wholesale Industrial Developments Limited ²	Australia	Ordinary	100	100
Mirvac Woolloomooloo Pty Limited ²	Australia	Ordinary	100	100
MRV Hillsdale Pty Limited ²	Australia	Ordinary	100	100
MWID (Brendale) Pty Limited ²	Australia	Ordinary	100	100
MWID (Mackay) Pty Limited ²	Australia	Ordinary	100	100
Newington Homes Pty Limited ²	Australia	Ordinary	100	100
Pigface Unit Trust ⁷	Australia	Units	100	–
Planned Retirement Living Pty Limited ²	Australia	Ordinary	100	100
Spring Farm Finance Pty Limited	Australia	Ordinary	100	20
Springfield Development Company Pty Limited ²	Australia	Ordinary	100	100
SPV Magenta Pty Limited	Australia	Ordinary	100	100
Taree Shopping Centre Pty Limited	Australia	Ordinary	100	100
TMT Finance Pty Limited	Australia	Ordinary	100	100

b) Units held in controlled entities of Mirvac Property Trust

			2009 %	2008 %
Name of entity	Country of incorporation	Class of shares/units	Equity Holding	Equity Holding
1900-2000 Pratt Inc.	USA	Shares	100	100
380 St Kilda Road Trust	Australia	Units	100	100
James Fielding Infrastructure Sustainable Equity Fund	Australia	Units	100	100
James Fielding Trust	Australia	Units	100	100
Mirvac Broadway Sub-Trust	Australia	Units	100	100
Mirvac Commercial Trust	Australia	Units	100	100
Mirvac Glasshouse Sub-Trust	Australia	Units	100	100
Mirvac Lakehaven Sub-Trust	Australia	Units	100	100
Mirvac Property Trust No. 2	Australia	Units	100	100
Mirvac Retail Head Trust	Australia	Units	100	100
Mirvac Rhodes Sub-Trust	Australia	Units	100	100
Peninsular Homemaker Centre Trust	Australia	Units	100	100
Springfield Regional Shopping Centre Trust	Australia	Units	67	67
The George Street Trust	Australia	Units	100	100
The Mulgrave Trust	Australia	Units	100	100

1) The addition of Mirvac Limited and Mirvac Property Trusts interest in these entities are greater than 50 per cent.

2) These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.

3) This subsidiary was released from the Deed of Cross Guarantee on 13 March 2009.

4) The Company became a controlled entity on 23 July 2008

5) The Trust was created on 7 April 2009.

6) The Trust was acquired 23 April 2009.

7) The Trust was created on 7 April 2009.

8) This Company became a controlled entity on 30 April 2009.

9) This company became a controlled entity on 30 January 2009.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15. OTHER FINANCIAL ASSETS / CONTINUED

c) Entities subject to class order

All wholly owned companies incorporated in Australia are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others. By entering into the Deed, the wholly owned companies have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended by Class Order 98/2017 and 00/0321) issued by the Australian Securities and Investments Commission. The entities included are listed in note 15 (a).

Companies noted in (a) above as being included in the class order, are a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by the Company, they also represent the 'Extended Closed Group'. As a condition of the Class Order, the companies have entered into a Deed of Cross Guarantee. The effect of the deed is that Mirvac Limited has guaranteed to pay any deficiency in the event of winding up of a controlled entity. The controlled entities also have given a similar guarantee in the event that Mirvac Limited is wound up.

The aggregated income statement and balance sheet for year ended 30 June 2009 of the entities which are members of the "Closed Group" are as follows:

	2009 \$'000	2008 \$'000
CONSOLIDATED INCOME STATEMENTS		
Revenue		
Development and construction revenue	1,148,401	1,181,414
Development management fee revenue	21,399	30,490
Rental revenue from investment properties	25,367	17,764
Hotel operations revenue	147,298	163,603
Investment management fee revenue	52,931	70,022
Interest revenue	19,250	18,138
Dividend and distribution revenue	305	15
Other revenue	12,116	28,493
Total revenue	1,427,067	1,509,939
Other income		
Gain on financial instruments	78,642	–
Foreign exchange gains	–	49,841
Net gain on sale of investments	985	2,406
Net gain on sale of property, plant and equipment	40	15,852
Investment property income	1,838	–
Total other income	81,505	68,099
Total revenues and other income	1,508,572	1,578,038
Net loss from fair value adjustments on investment properties	(10,880)	–
Foreign exchange loss	(72,515)	–
Cost of property development and construction	(1,021,830)	(998,916)
Hotel operating expenses	(48,096)	(56,051)
Share of net loss of associates and joint ventures accounted for using the equity method	(25,175)	(55,505)
Employee benefits expense	(173,104)	(197,901)
Depreciation and amortisation expense	(12,253)	(11,209)
Impairment expense	(303,331)	(18,910)
Finance costs expense	(72,232)	(54,977)
Loss on financial instruments	–	(18,591)
Selling and marketing	(25,799)	(42,196)
Provision for loss on inventory	(166,817)	(193,771)
Other expenses	(93,648)	(103,434)
Loss before income tax	(517,108)	(173,423)
Income tax benefit	61,145	17,276
Loss for the year	(455,963)	(156,147)

NOTE 15. OTHER FINANCIAL ASSETS / CONTINUED
c) Entities subject to class order / continued

	2009 \$'000	2008 \$'000
CONSOLIDATED RETAINED EARNINGS		
Movement in Retained Earnings		
Retained earnings at beginning of the financial year	(114,023)	24,308
Net loss	(455,963)	(156,147)
Additions of subsidiaries into closed group	36,079	17,816
Retained earnings at end of the financial year	(533,907)	(114,023)
CONSOLIDATED BALANCE SHEETS		
Current assets		
Cash and cash equivalents	203,675	18,872
Receivables	73,925	7,875,865
Current tax assets	6,428	56,570
Inventories	641,579	781,483
Assets classified as held for sale	–	6,274
Other assets	30,265	40,682
Total current assets	955,872	8,779,746
Non-current assets		
Receivables	204,032	170,937
Inventories	1,127,361	1,024,931
Investments accounted for using the equity method	185,409	237,637
Derivative financial assets	2,674	31,301
Other financial assets	32,840	25,925
Investment properties	129,684	33,575
Property, plant and equipment	87,194	98,624
Intangible assets	3,964	265,197
Deferred tax assets	54,494	61,048
Other non-current assets	7,645	–
Total non-current assets	1,835,297	1,949,175
Total assets	2,791,169	10,728,921
Current liabilities		
Payables	83,056	7,832,626
Borrowings	68	–
Current tax liabilities	17	–
Provisions	9,488	1,782
Other liabilities	20,988	33,884
Total current liabilities	113,617	7,868,292
Non-current liabilities		
Payables	666,323	789,753
Borrowings	1,306,697	962,830
Derivative financial liabilities	32,236	111,140
Deferred tax liabilities	53,826	139,760
Provisions	–	26,283
Total non-current liabilities	2,059,082	2,029,766
Total liabilities	2,172,699	9,898,058
Net assets	618,470	830,863
Equity		
Contributed equity	1,121,513	911,405
Reserves	30,864	33,481
Retained earnings	(533,907)	(114,023)
Total equity	618,470	830,863

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16. INVESTMENT PROPERTIES

	Date of acquisition	Cost & additions to 30 June 2009 \$'000	Book value 30 June 2009 \$'000	Book value 30 June 2008 \$'000	Capital rate 30 June 2009 %	Capital rate 30 June 2008 %	Discount rate 30 June 2009 %	Discount rate 30 June 2008 %	Date of last external valuation	Last external valuation \$'000
Mirvac Property Trust and its controlled entities										
1 Castlereagh Street, Sydney NSW	Dec 1998	50,233	64,300	87,500	8.00	6.00	9.50	8.00	30/06/2009	64,300
1 Darling Island, Pyrmont NSW	Apr 2004	132,310	161,000	186,500	7.00	5.75	9.25	8.25	31/12/2008	172,500
1-47 Percival Road, Smithfield NSW	Nov 2002	21,186	20,000	25,300	8.50	7.50	9.25	8.75	31/03/2008	25,300
189 Grey Street, Southbank QLD	Apr 2004	38,676	65,000	72,000	7.75	7.00	9.00	8.50	31/03/2009	65,000
190 George Street, Sydney NSW	Aug 2003	46,585	39,000	46,000	8.00	6.75	9.25	8.75	30/06/2008	46,000
1900-2060 Pratt Blvd, Chicago, Illinois USA	Dec 2007	50,547	40,670	42,608	8.00	6.50	9.50	8.50	17/10/2008	51,963
200 George Street, Sydney NSW	Oct 2001	24,726	25,000	30,500	8.25	7.00	9.50	8.75	30/06/2008	30,500
253 Wellington Road & 18-20 Compark Circuit, Mulgrave VIC	Aug 2001	16,264	12,000	15,200	9.50	8.75	9.50	9.00	30/06/2008	15,200
271 Lane Cove Road, North Ryde NSW	Apr 2000	21,707	40,000	43,500	8.00	7.50	9.25	8.75	30/06/2008	43,500
30-32 Compark Circuit, Mulgrave VIC	Feb 2003	6,723	6,500	6,550	9.50	8.75	9.50	9.00	30/06/2008	6,550
333-343 Frankston-Dandenong Rds & 4 Abbots Road, Dandenong South, VIC	Jan 2004	12,761	13,250	15,350	9.00	8.00	9.50	9.00	30/06/2008	15,350
38 Sydney Avenue, Forrest ACT	Jun 1996	32,091	37,500	44,500	8.75	7.50	9.50	8.50	31/12/2008	41,900
40 Miller Street, North Sydney NSW	Mar 1998	70,296	90,000	100,000	7.50	6.50	9.00	8.50	30/06/2008	100,000
44 Biloela Street, Villawood NSW	Sep 2003	19,021	12,700	18,500	9.50	7.75	10.50	8.75	31/03/2009	12,700
54 Marcus Clarke Street, Canberra ACT	Oct 1987	14,252	17,000	21,000	9.50	8.00	9.75	9.25	31/12/2008	19,000
64 Biloela Street, Villawood NSW	Feb 2004	22,702	21,500	25,800	9.00	7.75	10.25	9.00	31/03/2008	25,800
Ballina Central, Pacific Highway, Ballina NSW	Dec 2004	44,936	34,500	40,200	8.00	7.00	9.25	8.75	30/06/2009	34,500
Bay Centre, Pirrama Road, Pyrmont NSW	Jun 2001	57,975	98,000	111,000	7.50	6.50	9.00	8.75	31/03/2008	111,000
Blacktown MegaCentre, Blacktown Road, Blacktown NSW	Jun 2002	32,463	36,500	48,500	9.00	6.75	10.00	8.75	31/12/2008	40,000
Broadway Shopping Centre, Broadway NSW (50% interest)	Jan 2007	228,470	202,500	227,000	6.13	5.50	8.75	8.25	31/12/2008	202,500
Building 1,2,3 & 7, Riverside Quay, Southbank VIC	Apr 2002 & Jul 2003	124,778	144,000	129,000	8.25-8.75	7.25	9.00-9.75	8.75	30/06/2009	144,000
Como Centre, Cnr Toorak Road & Chapel Street, South Yarra VIC ¹	Aug 1998	120,845	111,352	145,642	8.25-9.25	6.50-7.25	9.25-10.75	8.25-10.25	30/06/2009	136,800
Gippsland Centre, Cunninghame Street, Sale VIC	Jan 1994	36,530	49,750	52,750	8.25	7.50	9.75	9.00	31/12/2008	54,600
Aviation House, 16 Furzer St, Phillip ACT	Jul 2007	78,032	67,000	73,920	7.50	6.75	9.25	8.75	30/06/2008	74,000
Hinkler Central, Maryborough Street, Bundaberg QLD	Aug 2003	79,382	84,000	96,000	7.50	6.75	9.25	8.75	31/03/2009	84,000
James Ruse Business Park, 6 Boundary Road, Northmead NSW	Jul 1994	23,432	27,000	30,750	9.00	7.75	9.75	9.00	31/12/2008	31,800
John Oxley Centre, 339 Coronation Drive, Milton QLD	May 2002	43,324	54,000	66,250	9.00	7.75	9.25	9.00	31/03/2009	54,000
Kawana Shoppingworld, Nicklin Way, Buddina QLD	Dec 1993 (50%) and Jun 1998 (50%)	107,532	188,000	195,000	6.50	6.25	9.00	8.50	31/12/2008	188,000
Kwinana Hub Shopping Centre, Gilmore Avenue, Kwinana WA	Sep 2005	28,613	25,000	30,000	8.25	7.75	9.75	8.75	30/06/2008	30,000
Lake Haven MegaCentre, Lake Haven NSW	Jan 2007	52,437	27,000	42,250	9.50	7.50	10.00	8.25	31/12/2008	30,000
Logan MegaCentre, Logan, QLD	Oct 2005	80,766	63,500	83,750	9.00	7.00	10.25	8.75	31/12/2008	71,000
Moonee Ponds Central (Stage II), Homer Street, Moonee Ponds VIC ²	Feb 2008	72,681	38,700	–	8.50	–	9.75	–	30/06/2009	38,700
Moonee Ponds Central, Homer Street, Moonee Ponds VIC	May 2003	27,400	22,800	25,600	8.00	7.25	9.50	9.00	30/06/2009	22,800
Nexus Industry Park (Atlas), Lynn Parade, Prestons NSW	Aug 2004	16,882	18,000	20,300	8.00	6.75	9.25	8.75	31/03/2008	20,300
Nexus Industry Park (Building 3), Lynn Parade, Prestons NSW	Aug 2004	20,468	22,000	25,250	8.25	6.75	9.25	8.50	31/12/2007	26,000
Nexus Industry Park (Natsteel), Lynn Parade, Prestons NSW ²	Aug 2004	13,010	12,500	15,000	8.25	6.75	9.25	8.50	31/03/2009	12,500

NOTE 16. INVESTMENT PROPERTIES / CONTINUED

	Date of acquisition	Cost & additions to 30 June 2009 \$'000	Book value 30 June 2009 \$'000	Book value 30 June 2008 \$'000	Capital rate 30 June 2009 %	Capital rate 30 June 2008 %	Discount rate 30 June 2009 %	Discount rate 30 June 2008 %	Date of last external valuation	Last external valuation \$'000
Mirvac Property Trust and its controlled entities / continued										
Nexus Industry Park (HPM), Lynn Parade, Prestons NSW	Aug 2004	16,922	15,500	–	8.25	–	9.25	–	31/12/2008	16,600
101-103 Miller Street, Greenwood Plaza, North Sydney NSW (50% interest)	Jun 1994	220,101	251,500	228,500	6.25-6.50	5.50	8.75-9.00	8.25	31/12/2008	251,500
Orange City Centre, Summer Street, Orange NSW	Apr 1993	31,799	49,000	54,000	8.25	7.25	9.25	9.25	31/03/2009	49,000
Orion Springfield Town Centre, Springfield QLD	Aug 2002	131,156	140,500	150,000	6.50	6.25	9.00	8.75	31/12/2008	140,500
Peninsula Lifestyle, Nepean Highway, Mornington VIC	Dec 2003	55,385	49,000	56,000	8.75	8.00	10.00	9.00	31/12/2008	53,000
Booz & Co Building, 10 Rudd Street, Canberra ACT	Oct 1987	14,827	18,700	22,000	8.50	7.75	9.00	8.50	30/06/2009	18,700
Quay West Car Park, 109-111 Harrington Street, Sydney NSW	Nov 1989	37,615	37,000	48,000	8.50	7.50	10.75	9.25	30/06/2009	37,000
Rhodes Shopping Centre, Rhodes NSW (50% interest)	Jan 2007	105,860	90,500	111,500	6.63	5.75	9.00	8.00	31/12/2008	90,500
Royal Domain Centre, 380 St Kilda Road, Melbourne VIC	Oct 1995 (50%) & Apr 2001 (50%)	90,921	101,500	115,500	8.50	7.25	9.00	8.50	30/06/2009	101,500
St George Centre, 60 Marcus Clarke Street, Canberra ACT	Sep 1989	47,113	52,000	58,023	8.50	7.50	9.00	8.50	30/06/2009	52,000
Stanhope Village, Sentry Drive, Stanhope Gardens NSW	Nov 2003	55,082	53,100	65,500	8.00	6.50	9.00	8.75	31/03/2009	53,100
St Marys Village Centre, Charles Hackett Drive, St Marys NSW	Jan 2003	40,039	40,250	47,000	8.00	6.75	9.25	8.50	31/12/2008	44,500
Waverley Gardens Shopping Centre, Cnr Police & Jacksons Road, Mulgrave VIC	Nov 2002	138,363	132,593	147,500	7.50	6.50	9.50	8.75	31/12/2008	142,000
Mirvac Limited and its controlled entities										
Forestry land	March 2004	50,375	57,850	60,715	2.50	4.20	11.20	12.30	30/06/2009	57,850
5 Rider Boulevard, Rhodes NSW ²	January 2007	106,818	104,750	–	7.75	–	9.50	–	28/02/2009	107,000
Taree Shopping Centre	November 2006	32,563	23,750	32,483	8.25	6.00	9.75	8.50	31/12/2007	32,500
Blue Street, North Sydney	June 2001	1,090	1,091	1,091	10.00	9.00	–	–	–	–
Total Investment Properties			3,210,106	3,436,782						

1) Valuation includes the Como Hotel which has been reclassified to owner occupied properties.

2) Investment property previously classified as inventory.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16. INVESTMENT PROPERTIES / CONTINUED

a) Reconciliation of carrying amounts of investment properties

	Consolidated	
	2009 \$'000	2008 \$'000
At fair value		
Opening balance at 1 July	3,436,782	3,431,177
Additions	41,605	220,060
Transfer to property plant and equipment	–	(200,409)
Disposals	–	(348,295)
Net gains on assets held for sale	–	48,578
Net (losses)/gains from fair value adjustments	(487,203)	146,269
Net gains/(losses) from foreign currency translation	8,998	(3,915)
Transfer from property, plant and equipment	118,015	153,079
Transfer from inventory	106,846	1,091
Amortisation of fit out costs, leasing costs and rent incentive	(14,937)	(10,853)
Closing balance at 30 June	3,210,106	3,436,782

b) Valuation basis

Investment properties are carried at fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases, with any gain or loss arising from a change in fair value recognised in the Income Statement in the period. Investment properties are revalued by external valuers on a rotation basis with approximately one-half of the portfolio being valued annually. Investment properties which are not subject to an external valuation at the reporting date are fair valued internally by management. Valuation methods used to determine the fair value of investment properties include market sales comparison, discounted cash flow and capitalisation rate ("cap rate"). The fair value for a property may be determined by the Group using a combination of these and other valuation methods.

Market Sales Comparison: The sales comparison approach utilises recent sales of comparable properties, adjusted for any differences including the nature, location and lease profile, to indicate the fair value of a property. Where there is a lack of recent sales activity adjustments are made from previous comparable sales to reflect changes in economic conditions.

Discounted Cash Flow: Discounted cash flow projections derived from contracted rents, market rents, operating costs, lease incentives, lease fees, capital expenditure and future income on vacant space are discounted at a rate to arrive at a value. The discount rate is a market assessment of the risk associated with the cash flows, and the nature, location and tenancy profile of the property relative to returns from alternative investments, consumer price index rates and liquidity risk. It is assumed that the property is sold at the end of the investment period at a terminal value. Terminal value is determined by using an appropriate terminal cap rate. Mirvac's terminal cap rates are in the range of an additional 25 to 100 basis points above the respective property's cap rate.

Capitalisation rate: An assessment is made of fully leased net income based on contracted rents, market rents, operating costs and future income on vacant space. The adopted fully leased net income is capitalised in perpetuity from the valuation date at an appropriate capitalisation rate. The cap rate reflects the nature, location and tenancy profile of the property together with current market investment criteria, as evidenced by current sales evidence. Various adjustments including incentives, capital expenditure, and reversions to market rent are made to arrive at the property value.

c) Non current assets pledged as security

Refer to note 20 for information on non current assets pledged as security by the parent entity or its controlled entities.

d) Property portfolio

	Consolidated	
	2009 \$'000	2008 \$'000
Mirvac's property portfolio is made up as follows		
Investment properties per Balance Sheet	3,210,106	3,436,782
Owner-occupied buildings (including hotels) classified as property, plant and equipment	255,009	285,803
Properties classified as assets held for sale	–	6,274
Hotel management lots classified as property, plant and equipment	60,143	65,662
Properties under construction classified as property, plant and equipment	207,385	249,916
	3,732,643	4,044,437

NOTE 17. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Office leasehold improvements \$'000	Plant and equipment \$'000	Owner- occupied hotel management lots \$'000	Owner- occupied freehold hotels \$'000
Year ended 30 June 2009				
Opening net book amount	649	31,455	65,662	33,513
Revaluation decrement	–	–	(4,591)	(6,991)
Additions	107	5,149	444	328
Transfers to or from other assets	(649)	421	–	–
Assets classified as held for sale and other disposals	–	(498)	–	(2)
Foreign exchanges	2	41	76	–
Depreciation charge	(43)	(10,174)	(1,448)	(689)
Closing net book amount	66	26,394	60,143	26,159
At 30 June 2009				
Cost or fair value	107	77,640	66,538	33,011
Accumulated depreciation	(41)	(51,246)	(6,395)	(6,852)
Net book amount	66	26,394	60,143	26,159

Consolidated	Owner- occupied administration buildings \$'000	Investment- property under construction \$'000	Total \$'000
Year ended 30 June 2009			
Opening net book amount	252,290	249,916	633,485
Revaluation decrement	(19,184)	(3,595)	(34,361)
Additions	–	69,093	75,121
Transfers to or from other assets	–	9,986	9,758
Assets classified as held for sale and other disposals	–	–	(500)
Transfer to investment properties	–	(118,015)	(118,015)
Foreign exchange	–	–	119
Depreciation charge	(4,256)	–	(16,610)
Closing net book amount	228,850	207,385	548,997
At 30 June 2009			
Cost or fair value	240,335	207,385	625,016
Accumulated depreciation	(11,485)	–	(76,019)
Net book amount	228,850	207,385	548,997

A reconciliation of the revaluation decrement and the asset revaluation reserve is shown in note 25(d).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17. PROPERTY, PLANT AND EQUIPMENT / CONTINUED

Consolidated	Office leasehold improvements \$'000	Plant and equipment \$'000	Owner- occupied hotel management lots \$'000	Owner- occupied freehold hotels \$'000
Year ended 30 June 2008				
Opening net book amount	527	42,842	61,450	44,698
Revaluation increment/(decrement)	–	–	8,052	172
Additions	–	14,796	624	–
Transfers to or from other assets	122	6,005	(1,154)	740
Assets classified as held for sale and other disposals	–	(22,858)	(1,284)	(11,065)
Foreign exchanges	–	(323)	(611)	–
Depreciation charge	–	(9,007)	(1,415)	(1,032)
Closing net book amount	649	31,455	65,662	33,513
At 30 June 2008				
Cost or fair value	1,788	73,303	70,598	39,677
Accumulated depreciation	(1,139)	(41,848)	(4,936)	(6,164)
Net book amount	649	31,455	65,662	33,513

Consolidated	Owner- occupied administration buildings \$'000	Investment- property under construction \$'000	Total \$'000
Year ended 30 June 2008			
Opening net book amount	109,974	232,664	492,155
Revaluation increment/(decrement)	(760)	–	7,464
Additions	–	9,618	25,038
Transfers to or from other assets	–	64,834	70,547
Assets classified as held for sale and other disposals	–	–	(35,207)
Transfer to or from investment properties	149,435	(57,200)	92,235
Foreign exchange	–	–	(934)
Depreciation charge	(6,359)	–	(17,813)
Closing net book amount	252,290	249,916	633,485
At 30 June 2008			
Cost or fair value	259,519	249,916	694,801
Accumulated depreciation	(7,229)	–	(61,316)
Net book amount	252,290	249,916	633,485

a) Valuations of owner-occupied buildings

Owner-occupied buildings are revalued by external valuers on a rotation basis with approximately one-half of the portfolio (including owner occupied buildings) being valued annually. The basis of valuation of owner occupied buildings is fair value being the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Owner occupied buildings not externally valued during the reporting period are carried at internal Directors' valuation. The revaluation surplus net of applicable deferred income taxes was credited to the asset revaluation reserve in equity (note 25).

NOTE 18. INTANGIBLE ASSETS

	Management rights \$'000	Goodwill \$'000	Other Infinite Intangibles \$'000	Carbon sequestration rights \$'000	Total \$'000
2009					
Balance at 1 July 2008	60,343	259,474	–	1,028	320,845
Acquisition/(disposal) of subsidiary	1,675	10,148	–	–	11,823
Impairment of intangibles ¹	(48,531)	(224,086)	–	(1,028)	(273,645)
Amortisation	(439)	–	–	–	(439)
Balance at 30 June 2009	13,048	45,536	–	–	58,584
2008					
Balance at 1 July 2007	67,777	212,727	9,969	1,025	291,498
Acquisition/(disposal) of subsidiary	12,177	46,747	(9,969)	3	48,958
Impairment of intangibles	(18,910)	–	–	–	(18,910)
Amortisation	(701)	–	–	–	(701)
Balance at 30 June 2008	60,343	259,474	–	1,028	320,845

1) The impairment of intangibles has been recognised as a separate line item in the income statement.

a) Allocation of intangibles by business segment

A segment level summary of the intangible allocations is presented below:

	Property development \$'000	Property investment \$'000	Hotels \$'000	Investment management \$'000	Total \$'000
2009					
Management rights – indefinite life ²	7,317	2,636	–	3,095	13,048
Goodwill	–	39,219	6,317	–	45,536
Balance as at 30 June 2009	7,317	41,855	6,317	3,095	58,584
2008					
Management rights – indefinite life ²	9,817	2,636	–	47,221	59,674
Management rights – finite life	–	–	–	669	669
Carbon sequestration rights	–	–	–	1,028	1,028
Goodwill	120,269	39,219	6,317	93,669	259,474
Balance as at 30 June 2008	130,086	41,855	6,317	142,587	320,845

2) Management rights are primarily held in relation to funds established or rights established by entities acquired by Mirvac. These funds are considered to be open-ended and therefore have no expiry. The Group also holds strategic stakes in these funds in order to protect its interests.

NOTE 18. INTANGIBLE ASSETS / CONTINUED

b) Key assumptions used for value-in-use calculations for Goodwill and Intangibles

The recoverable amount of a CGU is determined using the higher of fair value less cost to sell and its value in use.

The value in-use calculation is based on financial budgets and forecasts approved by management covering a five-year period. For the Hotels and investment management CGU's, cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. For the property investment and property development CGU's no forecast growth rate is assumed as the value in use calculations are based on forecast cashflows from existing projects and investment properties. The growth rate has been adjusted to reflect current market conditions and does not exceed the long-term average growth rate for the business in which the CGU operates.

The discount rates used are post-tax (except in relation to the property development and property investment CGU's which use a pre-tax discount rate) and reflect specific risks relating to the relevant segments and the countries in which they operate.

A terminal growth rate of 3% has also been applied.

CGU	Growth rate ¹ 2009	Discount rate 2009	Growth rate ¹ 2008	Discount rate 2008
Property investment	– ²	10%	5%	10%
Property development	– ³	18%	– ³	18%
Hotels	3%	13%	5%	13%
Investment management	1%	13%	10%	11%

1) Weighted average growth rate used to extrapolate cash flows beyond the budget period.

2) The value in-use calculation is based on financial budgets and forecasts approved by management covering a five-year period. No forecast growth rate is assumed as the value in use calculations are based on forecast cashflows from existing projects and investment properties.

3) No forecast growth rate as value-in use calculations based on forecast cashflows of existing projects.

The coverable amount of intangibles relating to Property investment CGU and the Hotel CGU, exceeds the carrying value at 30 June 2009. Management consider that for the carrying value to exceed the recoverable amount there would have to be unreasonable changes to key assumptions. Management consider the chances of these changes occurring as unlikely.

c) Impairment of goodwill

Investment Management

During the period the carrying value of goodwill attributable to the Investment management CGU was impaired by \$100,704,000 (2008: nil). The impairment charge represents the difference between the net present value of future cash flows of the CGU (recoverable amount) and the carrying value of the goodwill. The lower forecast future cash flow projections are driven by a slowing in the level of transaction fees, slower growth in Funds Under Management ("FUM"), and the potential winding up of funds deemed to be non-core and non-scaleable.

Included in the impairment figure is \$6,012,000 in relation to the acquisition of the Chantrey business in the United Kingdom. As a result of current market conditions this business has been unable to achieve its forecast growth assumptions. Accordingly an impairment review was undertaken based on a value-in-use calculation. The goodwill arose and was impaired during the year.

Development

During the period the carrying value of goodwill attributable to the Property development CGU was impaired by \$123,382,000 (2008: nil). The impairment charge represents the difference between the net present value of future cash flows and the carrying value of goodwill. The lower forecast cash flows are a result of the deferral of a number of residential and non-residential development projects, and a more conservative outlook for future growth in light of the current economic environment.

NOTE 18. INTANGIBLE ASSETS / CONTINUED**d) Impairment of intangibles*****Management rights***

During the period the carrying value of management rights attributable to the Investment management CGU were impaired by \$46,031,000 (2008: \$18,910,000). The impairment charge arose for the same reasons as detailed above in point (c).

The carrying value of management rights attributable to the property development CGU were impaired by \$2,500,000 due to deterioration in cash flows from the underlying investment.

Indefinite useful life of management rights

Management rights are primarily held in relation to funds established or rights established by entities acquired by Mirvac. These funds are considered to be open-ended and therefore have no expiry.

Indefinite useful life of carbon sequestration rights

During the period the carrying value of the carbon sequestration rights, held by the Australian Sustainable Forestry Investors ("ASFI"), totalling \$1,028,000 were fully impaired as a result of the recommendations contained within the Australian Carbon Pollution Reduction Scheme's White Paper. The White Paper recommended that no value be ascribed to carbon sequestered prior to 1 January 2008. The majority of the carbon value held by ASFI relates to the period prior to 1 January 2008.

NOTE 19. PAYABLES

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Trade creditors	71,588	114,935	8	128
Employee entitlements – annual leave	17,314	21,759	–	–
Unearned income	6,230	10,719	–	–
Accruals	88,825	85,828	1,582	–
Other creditors	42,616	92,148	92,730	1,831
Amounts due to related entities	–	–	–	799,223
Amounts due to subsidiaries	–	–	1,476,523	1,178,838
	226,573	325,389	1,570,843	1,980,020
Non-current				
Amounts due to related entities	14	11	651,657	–
Other accrual – deferred land payment	–	11,374	–	–
Other creditors	43,710	5,000	–	–
	43,724	16,385	651,657	–

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20. BORROWINGS

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
<i>Unsecured</i>				
Domestic medium term notes	300,000	–	–	–
<i>Secured</i>				
Secured bank loans	122,481	–	–	–
Commercial notes	–	138,000	–	–
Lease liability	73	–	–	–
	422,554	138,000	–	–
Non-current				
<i>Unsecured</i>				
Unsecured bank loans	1,009,124	1,228,236	–	–
Domestic medium term notes	200,000	500,000	–	–
Foreign medium term notes	472,164	399,570	–	–
<i>Secured</i>				
Other bank borrowings	–	74,055	–	–
	1,681,288	2,201,861	–	–

Unsecured bank loans

Mirvac has an unsecured revolving syndicated loan facility of \$1,112.5 million (2008: \$2,225 million) maturing in June 2011. Mirvac has entered into a new unsecured syndicated term facility of \$805 million maturing in January 2012 which replaces the previous facility expiring in June 2009.

Mirvac has \$150 million of unsecured bilateral facilities of which \$100 million expires in January 2012 and \$50 million in June 2011. Subject to the compliance with the terms, each of these bank loan facilities may be drawn at any time.

Domestic medium term notes

Mirvac completed a domestic bond issue in September 2006 for \$200 million maturing in September 2010. This was followed up by a second domestic bond issue in February 2007 for \$300 million maturing in March 2010. Interest is payable either quarterly or semi-annually in arrears in accordance with the terms of the notes.

Foreign medium term notes

Mirvac completed a note issue in the US Private Placement market in November 2006. The issue is made up of US Dollar 275 million maturing in November 2016 and US Dollar 100 million maturing in November 2018. An additional Australian Dollar 10 million maturing in November 2016 was also issued in conjunction with this placement. Interest is payable semi-annually in arrears for all notes. The notes were issued with fixed and floating rate coupons payable in US Dollars and swapped back to Australian Dollars floating rate coupons through cross currency principal and interest rate swaps.

Other bank borrowings

Controlled entities have secured bank facilities totalling \$122.5 million (2008: \$77 million) maturing in February 2010 and June 2010.

Lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Future developments

The Group has a significant cash balance at year end due to the capital raising completed in June 2009. The funds are intended to reduce debt upon maturity with \$300 million of medium terms notes due for repayment in March 2010 and \$200 million due in September 2010 as well as some other facilities where debt will be repaid upon the next rollover.

NOTE 20. BORROWINGS / CONTINUED**b) Assets pledged as security**

Controlled entities have debt facilities secured by real property mortgages and a fixed and floating charge.
The carrying amounts of assets pledged as security for current and non current borrowings are:

		Consolidated		Parent entity	
	Note	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
First ranking real property mortgage					
Investment properties	16	57,850	478,265	-	-
Development inventory		167,326	44,875	-	-
Total assets pledged as security		225,176	523,140	-	-

c) Financing arrangements

		Consolidated		Parent entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total facilities					
Domestic medium term notes		500,000	500,000	-	-
Commercial mortgage backed securities (CMBS)		-	138,000	-	-
Secured other bank borrowings		122,481	77,000	-	-
Foreign medium term notes		472,164	399,570	-	-
Unsecured bank loans		2,067,500	2,425,000	-	-
		3,162,145	3,539,570	-	-
Used at balance date					
Domestic medium term notes		500,000	500,000	-	-
Commercial mortgage backed securities (CMBS)		-	138,000	-	-
Secured other bank borrowings		122,481	74,055	-	-
Foreign medium term notes		472,164	399,570	-	-
Unsecured bank loans		1,009,124	1,228,236	-	-
		2,103,769	2,339,861	-	-
Unused at balance date					
Domestic medium term notes		-	-	-	-
Commercial mortgage backed securities (CMBS)		-	-	-	-
Secured other bank borrowings		-	2,945	-	-
Foreign medium term notes		-	-	-	-
Unsecured bank loans		1,058,376	1,196,764	-	-
		1,058,376	1,199,709	-	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20. BORROWINGS / CONTINUED

d) Fair value

	Carrying amount		Fair value	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
On Balance Sheet				
Non traded financial liabilities				
– Domestic medium term notes	500,000	500,000	500,000	500,000
– Commercial mortgage backed securities (CMBS)	–	138,000	–	138,000
– Secured bank loans	122,481	74,055	122,481	74,055
– Foreign medium term notes	472,164	399,570	472,164	399,570
– Unsecured bank loans	1,009,124	1,228,236	1,009,124	1,228,236
– Lease liabilities	73	–	73	–
	2,103,842	2,339,861	2,103,842	2,339,861

The classes above are readily traded on organised markets in standardised form. The fair value for payables less than 12 months is deemed to equal the carrying amounts. All other payables are discounted if the effect of discounting is material.

i) On Balance Sheet

The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

ii) Off Balance Sheet

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 31. As explained in those notes, no material losses are anticipated in respect of any of those contingencies and the fair value disclosed above is the Directors' estimate of amounts which would be payable by Mirvac as consideration for the assumption of those contingencies by another party.

NOTE 21. PROVISIONS

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Employee benefits – long service leave	6,457	4,814	–	–
Dividends/distributions payable	3,653	90,819	–	–
	10,110	95,633	–	–
Non-current				
Deferred commitment	–	15,878	–	–
Asset retirement obligations	1,374	–	–	–
Employee benefits – long service leave	4,459	7,449	–	–
	5,833	23,327	–	–

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Consolidated	
	\$'000	\$'000
Deferred commitment		
Carrying amount at beginning of year	15,878	–
Transferred to current liabilities (accruals)	(15,878)	–
Carrying amount at end of year	–	–

Deferred commitment

JF Infrastructure, a 50 per cent joint venture with Leighton Holdings, has committed to acquiring a further 75 million units in Rivercity Motorway Group at a price of \$1.055 per unit. This is forecast to now be payable in March 2010. This commitment is recognised in the books of the joint venture as a derivative financial instrument. Based on Mirvac's past practice of funding obligations of the joint venture, Mirvac has recognised a constructive obligation for its 50 per cent share of the net derivative value. As the forecast payment date falls within 12 months this has been reclassified as a current liability.

NOTE 21. PROVISIONS / CONTINUED

	Consolidated	
	\$'000	\$'000
Dividend/ distributions payable		
Carrying amount at beginning of year	90,819	–
Interim and final dividends/distributions	107,951	–
Payments made during the year (including issue of securities under Mirvac Distribution Reinvestment Plan)	(195,117)	–
Carrying amount at end of year	3,653	–
Asset retirement obligation		
Recognition during the year	1,374	–
Carrying amount at end of year	1,374	–

The asset retirement obligation, relates to an obligation under a lease agreement for office space, to return the space to the condition at the commencement of the lease.

NOTE 22. OTHER LIABILITIES

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
Monies held in trust	20,988	33,882	–	–

NOTE 23. DERIVATIVE FINANCIAL LIABILITIES

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cross currency derivatives – fair value	–	110,632	–	–
Interest rate swap contracts – fair value	38,726	–	–	–
Interest rate collar contracts – fair value	4,397	–	–	–
	43,123	110,632	–	–

a) Instruments used by Mirvac

Refer to note 36 for information on instruments used by Mirvac.

b) Interest rate risk exposures

Refer to note 36 for Mirvac's exposure to interest rate risk on cross currency swaps.

c) Foreign currency risk exposures

Refer to note 36 for Mirvac's exposure to foreign currency risk on cross currency swaps.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 24. CONTRIBUTED EQUITY

a) Paid up capital

Consolidated	2009 Securities	2008 Securities	2009 \$'000	2008 \$'000
Mirvac Limited – ordinary shares issued	2,789,721,461	1,084,371,184	1,153,689	917,394
Mirvac Property Trust – ordinary units issued	2,789,721,461	1,084,371,184	4,293,677	2,854,065
Total contributed equity			5,447,366	3,771,459

b) Movements in paid up capital of Mirvac for the 2009 and 2008 years were as follows:

Consolidated	Issue date	Issue price	Note	Consolidated Number of securities 000's	Consolidated \$'000's	Parent entity Number of securities 000's	Parent entity \$'000's
Opening balance at 1 July 2008				1,084,371	3,771,459	1,084,371	917,394
Distribution reinvestment plan issues	25/07/2008	\$2.62	(d)	34,375	90,020	34,375	16,033
Employee exemption plan – issued at no cost	17/10/2008	\$1.98	(c)	950	–	950	–
Distribution reinvestment plan issues	24/10/2008	\$2.56	(d)	4,659	11,940	4,659	1,645
Distribution reinvestment plan issues	30/01/2009	\$1.29	(d)	8,745	11,297	8,745	1,557
Equity raising	20/11/2008	\$0.90	(f)	471,183	424,065	471,183	58,436
Equity raising	05/11/2008	\$0.90	(f)	84,584	76,126	84,584	10,490
Equity raising	24/06/2009	\$1.00	(f)	943,710	925,406	943,710	127,521
Equity raising	30/06/2009	\$1.00	(f)	156,278	174,582	156,278	24,057
Less: Transaction costs arising on share issue				–	(40,819)	–	(4,300)
Employee incentive scheme securities converted/sold/forfeited			(c)	866	3,290	866	856
Balance at 30 June 2009				2,789,721	5,447,366	2,789,721	1,153,689
Opening balance at 1 July 2007				995,919	3,322,183	995,919	835,379
Distribution reinvestment plan issues	27/07/2007	\$5.50	(d)	7,285	40,067	7,285	8,302
Distribution reinvestment plan issues	26/10/2007	\$5.36	(d)	5,381	28,833	5,381	5,135
Distribution reinvestment plan issues	25/01/2008	\$5.95	(d)	6,407	38,101	6,407	6,786
Private security placement	01/02/2008	\$5.20	(e)	57,692	300,000	57,692	53,429
Distribution reinvestment plan issues	24/04/2008	\$3.81	(d)	9,348	35,626	9,348	6,345
Less: Transaction costs arising on share issue				–	(1,540)	–	(307)
Employee incentive scheme securities converted/sold/forfeited				2,339	8,189	2,339	2,325
Balance at 30 June 2008				1,084,371	3,771,459	1,084,371	917,394

Ordinary securities

All ordinary securities are fully paid at 30 June 2009. Ordinary securities entitle the holder to participate in dividends/distributions and the proceeds on winding up of Mirvac in proportion to the number of and amount paid on the securities held. On a show of hands every holder of ordinary securities present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each security is entitled to one vote.

NOTE 24. CONTRIBUTED EQUITY / CONTINUED

c) LTI and EIS issues

Current LTI plan

As at 30 June 2009, 9,923,912 (2008: 2,910,520) performance rights and 10,464,491 (2008: 4,246,500) options were issued to participants under the plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options as a result of termination of employment. No performance rights or options vested during the year to 30 June 2009 (2008: nil).

Employee exemption plan

As at 30 June 2009, 1,614,783 (2008: 664,588) stapled securities have been issued to employees under the general employee exemption plan.

Superseded LTI and EIS plans

No ordinary stapled securities were issued to employees of Mirvac Limited and its controlled entities under the superseded EIS or LTI schemes (2008: Nil ordinary stapled securities). The total of stapled securities issued to employees under the superseded LTI and EIS at 30 June 2009 is 15,738,910 (2008: 16,605,128). The market price per ordinary stapled security at 30 June 2009 was \$1.08 (2008: \$2.96). Securities issued as part of the superseded EIS and LTI plans are not classified as ordinary securities, until such time as the vesting conditions are satisfied, employee loans are fully repaid or they leave Mirvac.

d) Distribution reinvestment plan

Under the distribution reinvestment plan, holders of ordinary securities may elect to have all or part of their distribution entitlements satisfied by the issue of new ordinary securities rather than being paid in cash. Securities issued under the plan were issued at a 2 per cent discount to the prevailing market price, calculated on a VWAP basis over the first 5 business days post record date.

e) Capital placement

During the previous year the Group confirmed a strategic partnership with Nakheel via a \$300 million private placement. The placement was conducted at a fixed price of \$5.20.

f) Capital raising

During the year the Group undertook two capital raisings.

- In the first half of the year the Group completed a fully underwritten capital placement, comprising of 462.8 million securities under an institutional placement and 92.9 million securities under a retail placement at an offer price of \$0.90 per stapled security.
- In the second half of the year the Group complete a fully underwritten capital placement, comprising of 943.7 million securities under an institutional placement and 156.2 million securities under a retail placement at an offer price of \$1.00 per stapled security.

g) Reconciliation of securities issued on ASX

Under AIFRS, securities issued under the Mirvac employee long-term incentive schemes are required to be accounted for as an option and are excluded from total issued capital, until such time as the relevant employee loans are fully repaid or the employee leaves the Group. Total ordinary securities issued as detailed above is reconciled to securities issued on the ASX as follows:

	2009 Number	2008 \$'000
Total ordinary securities disclosed	2,789,721,461	1,084,371,184
Securities issued under LTI and EIS	15,738,910	16,605,128
Subscribed for but not issued at 30 June ¹	(156,277,961)	–
Total securities issued on ASX	2,649,182,410	1,100,976,312

1) Shares subscribed for at 30 June 2009, as part of the capital raising announced to the ASX on 4 June 2009, that were not issued until 9 July 2009.

h) Capital risk management

Refer to note 36 for Mirvac's capital risk management.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 25. RESERVES

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
a) Reserves				
Asset revaluation reserve	86,494	118,755	–	–
Capital reserve	1,197	1,197	–	–
Currency fluctuation reserve	268	(2,932)	–	–
Share based payments reserve	22,586	16,796	19,320	16,796
	110,545	133,816	19,320	16,796
b) Movements in reserves				
Asset revaluation reserve				
Opening balance	118,755	66,770	–	–
(Decrements/Increment on revaluation of owner-occupied properties)	(32,749)	54,626	–	–
Deferred tax (note 6)	488	(2,641)	–	–
Closing balance	86,494	118,755	–	–
Capital reserve				
Opening balance	1,197	1,197	–	–
Closing balance	1,197	1,197	–	–
Currency fluctuation reserve				
Opening balance	(2,932)	(573)	–	–
Increase/(decrease) in reserve due to translation of foreign controlled entity	3,200	(2,359)	–	–
Closing balance	268	(2,932)	–	–
Share based payments reserve				
Opening balance	16,796	9,699	16,796	9,699
Expense relating to security based payments	5,790	7,097	2,524	7,097
Closing balance	22,586	16,796	19,320	16,796

c) Nature and purpose of reserves

i) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of owner-occupied assets.

ii) Capital reserve

The capital reserve is used to record the net revaluation increment or decrement on disposal of investment properties. The balance of the reserve may be transferred to retained earnings and used to satisfy distributions to securityholders.

iii) Currency fluctuation reserve

Exchange differences arising on translation of the foreign controlled entities of Mirvac Limited are taken to the foreign currency fluctuation reserve, as described in note 1.

iv) Share based payments reserve

The security based payments reserve is used to recognise the fair value of securities issued under Mirvac LTI schemes, securities issued under the employee exemption plan and any deficit resulting from the sale of securities under the LTI schemes.

NOTE 25. RESERVES / CONTINUED**d) Reconciliation of movements between Property, plant and equipment to asset revaluation reserve**

	2009 \$'000
Revaluation decrement within the property, plant and equipment (note 17)	34,361
Items adjusted to Income Statements	
Items relating to owner occupied buildings including fit out and lease amortisation	1,906
Other items	34
Impairment of construction WIP	(3,595)
Balance transferred to asset revaluation reserve	32,706
Items adjusted directly to reserves	
Other items	43
Tax adjustments	(488)
Movement in asset revaluation reserve (note 25)	32,261

NOTE 26. RETAINED EARNINGS

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Retained earnings at the beginning of the year	435,265	611,218	80,297	78,196
Movement in equity based compensation	661	1,142	663	1,142
Net (loss)/profit attributable to the stapled securityholders	(1,078,101)	171,802	(7,810)	959
Dividends/distributions provided for or paid	(107,687)	(348,897)	-	-
Retained earnings at the end of the year	(749,862)	435,265	73,150	80,297

NOTE 27. MINORITY INTEREST

	Consolidated	
	2009 \$'000	2008 \$'000
Interest in:		
Share capital	57,971	61,707
Retained earnings	6,782	7,920
	64,753	69,627

NOTES TO THE FINANCIAL STATEMENTS

NOTE 28. DIVIDENDS/DISTRIBUTIONS

	2009 \$'000	2008 \$'000
Ordinary stapled securities		
Quarterly ordinary distributions paid as follows:		
5.000 cents per fully paid stapled security paid on 24 October 2008 (Unfranked distribution)	56,768	
8.225 cents per fully paid stapled security paid on 26 October 2007 (Unfranked distribution)		84,042
2.800 cents per fully paid stapled security paid on 30 January 2009 (Unfranked distribution)	47,508	
8.225 cents per fully paid stapled security paid on 25 January 2008 (Unfranked distribution)		84,514
8.225 cents per fully paid stapled security paid on 24 April 2008 (Unfranked distribution)		89,786
0.200 cents per fully paid stapled security paid on 31 July 2009 (Unfranked distribution)	3,411	
8.225 cents per fully paid stapled security paid on 25 July 2008 (Unfranked distribution)		90,555
Total dividend/distribution 8 cents per fully paid stapled security (2008: 32.9 cents per stapled security)	107,687	348,897

Distribution Reinvestment Plan (DRP)

Dividends/distributions actually paid or satisfied by issue of securities under the Group distribution/dividend reinvestment plan were as follows:

	2009 \$'000	2008 \$'000
Paid in cash	137,409	196,626
Satisfied by the issue of securities	57,422	142,623
	194,831	339,249

Franking credits available for subsequent financial years based on a tax rate of 30 per cent total \$16,796,712
(2008: \$48,934,000 on a tax rate of 30 per cent).

NOTE 29. INVESTMENTS IN ASSOCIATES

a) Associates accounted for using the equity method

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Information relating to associates is set out below.

Name	Principal activities	Ownership		Consolidated		Parent entity	
		2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
177 Salmon Street Trust	Property development	20%	20%	22	–	–	–
Archbold Road Trust	Property development	20%	20%	30	30	–	–
Chantrey City Regeneration Fund	Property development	20%	20%	4,037	5,104	–	–
Mirvac Real Estate Investment Trust	Listed property investment trust	25%	23%	60,625	130,966	–	–
Mirvac Wholesale Hotel Fund ²	Hotel investment	42%	45%	100,279	122,248	–	–
Mirvac Industrial Trust ¹	Listed property investment trust	14%	14%	–	21,602	–	–
New Forests Pty Limited ³	Forestry and environmental asset manager	18%	20%	209	478	–	–
BAC Devco Pty Limited	Property development	33%	33%	223	191	–	–
Mindarie Keys Joint Venture ³	Property development	15%	15%	1,439	2,019	–	–
Panorama Joint Venture ³	Property development	17%	17%	1	3	–	–
Universal Portfolio Services Pty Limited ³	Property development	10%	10%	–	–	–	–
Tuckerbox Pty Ltd ¹	Hotel investment	1%	1%	1,401	1,494	–	–
Diggers Rest Pty Ltd	Property development	25%	25%	115	45	–	–
				168,381	284,180	–	–

1) Mirvac equity accounts for these investments as an associate even though it owns less than 20% of the voting or potential voting power due to the fact that the responsible entity is Mirvac Funds Management (a 100% owned subsidiary).

2) The Group's share of this associate has been diluted in the year due to the issue of additional units.

3) Mirvac equity accounts for these investment as an associate even though it owns less than 20% of the voting or potential voting power due to the fact that it has significant influence over these entities.

All associates are established or incorporated in Australia with the exception of the Chantrey City Regeneration Fund which is established in the United Kingdom.

NOTE 29. INVESTMENTS IN ASSOCIATES / CONTINUED

Associates financial summary

2009 Name	Profit/(loss) (100%) \$'000	Mirvac share of net profit/(loss) \$'000	Total assets (100%) \$'000	Total liabilities (100%) \$'000	Net assets (100%) \$'000	Mirvac carrying value of net assets \$'000
177 Salmon Street Trust	27	5	473	363	110	22
Archbold Road Trust	–	–	77	–	77	30
Chantrey City Regeneration Fund ¹	(556)	(111)	80,347	45,952	34,395	4,037
Mirvac Real Estate Investment Trust ²	(251,733)	(59,464)	1,028,517	497,359	531,158	60,625
Mirvac Wholesale Hotel Fund ³	(27,595)	(12,503)	526,088	246,320	279,768	100,279
Mirvac Industrial Trust ⁴	(209,123)	(29,277)	578,485	467,495	110,990	–
New Forests Pty Limited	(1,984)	(269)	1,998	807	1,191	209
BAC Devco Pty Limited	(908)	32	132,546	129,396	3,150	223
Mindarie Keys Joint Venture	10,288	(5)	12,610	3,570	9,040	1,439
Panorama Joint Venture	–	–	–	–	–	1
Universal Portfolio Services Pty Limited	198	369	392	85	307	–
Tuckerbox Pty Ltd	6,521	65	378,117	186,976	191,141	1,401
Diggers Rest Pty Ltd	–	–	459	–	459	115
	(474,865)	(101,158)	2,740,109	1,578,323	1,161,786	168,381

1) The Group has impaired the carrying amount of the investment by \$2,407,000.

2) The Group has impaired the carrying amount of its investment by \$9,209,000 in 2009 (2008: \$50,813,000). Refer to Note 29 (c) for the basis of valuing the carrying value of the investment.

3) The Group did not account for a revaluation surplus in its carrying amount of the business which has been accounted for within the Mirvac Wholesale Hotel Fund. The current revaluation surplus is \$36,000,000.

4) The investment has been written down to zero in 2009 (2008: \$20,297,000) and taken a further write down of \$7,386,000 in the loan to its investment. Refer to Note 29 (c) for the basis of valuing the carrying value of the investment.

The carrying amounts reported by the Group have been adjusted for unrealised profit from transactions with the Group. The total amount adjusted is \$5,451,000 (2008: \$4,919,000).

2008 Name	Profit/(loss) (100%) \$'000	Mirvac share of net profit/(loss) \$'000	Total assets (100%) \$'000	Total liabilities (100%) \$'000	Net assets (100%) \$'000	Mirvac carrying value of net assets \$'000
177 Salmon Street Trust	55	11	10	511	(501)	–
Archbold Road Trust	–	–	77	14	63	30
Chantrey City Regeneration Fund	(951)	(212)	78,426	46,790	31,636	5,104
Freespirit Resorts Pty Limited	131	72	3,084	3,785	(701)	–
Mirvac Industrial Fund	–	26	–	–	–	–
Mirvac Real Estate Investment Trust ¹	6,761	1,608	1,479,995	676,720	803,275	130,966
Mirvac Wholesale Hotel Fund ²	9,697	4,492	537,373	209,880	327,493	122,248
Mirvac Industrial Trust ³	(12,884)	(1,334)	716,020	449,090	266,930	21,602
New Forests Pty Limited	(733)	(147)	4,637	1,516	3,121	478
Spring Farm	–	(1,338)	–	–	–	–
BAC Devco Pty Limited	2,708	–	119,743	116,625	3,118	191
Mindarie Keys Joint Venture	21,064	2,480	23,456	10,654	12,802	2,019
Panorama Joint Venture	–	–	–	–	–	3
Universal Portfolio Services Pty Limited	1,134	1,660	1,409	200	1,209	–
Tuckerbox Pty Limited	19,013	190	381,762	178,740	203,022	1,494
Diggers Rest Pty Limited	–	–	180	–	180	45
	45,995	7,508	3,346,172	1,694,525	1,651,648	284,180

NOTES TO THE FINANCIAL STATEMENTS

NOTE 29. INVESTMENTS IN ASSOCIATES / CONTINUED

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Movements in carrying amounts				
Carrying amount at the beginning of the year	284,180	220,191	-	-
Transfers from joint ventures	-	123,072	-	-
Unrealised (losses)/profit adjustments	(532)	2,655	-	-
New investment during the reporting period	3,623	33,618	-	-
Excess loss over equity invested written off against loans	8,499	-	-	-
Equity sold	-	(6,544)	-	-
Distributions received	(17,115)	(21,689)	-	-
Repayment of capital contributions	-	(2,398)	-	-
Share of (loss)/profit from ordinary operating activities	(101,158)	7,508	-	-
Impairment of investment	(11,616)	(71,110)	-	-
Other	2,500	(1,123)	-	-
Carrying amount at end of the financial year	168,381	284,180	-	-
Associate entities – Mirvac's aggregate share of entities' assets and liabilities				
Current assets	34,251	58,479	-	-
Non-current assets	587,118	688,419	-	-
Total assets	621,369	746,898	-	-
Current liabilities	39,562	180,567	-	-
Non-current liabilities	306,556	185,001	-	-
Total liabilities	346,118	365,568	-	-
Net assets	275,251	381,330	-	-
Mirvac's aggregate share of entities' revenues, expenses and results				
Revenues	60,663	68,993	-	-
Expenses	(159,631)	(59,096)	-	-
(Loss)/profit before income tax	(98,968)	9,897	-	-
Share of associates' expenditure commitments				
Capital commitments	52,312	51,230	-	-
Fair value of listed investments in associates				
Mirvac Real Estate Investment Trust	47,103	89,502	-	-
Mirvac Industrial Trust	4,009	12,178	-	-

NOTE 29. INVESTMENTS IN ASSOCIATES / CONTINUED**b) Investment in associates accounted for at fair value:**

Name	Principal activities	Ownership		Consolidated		Parent entity	
		2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
James Fielding Infrastructure Yield Fund	Infrastructure investment	22%	22%	18,489	19,262	–	–

c) Impairment of investment

Mirvac currently holds an investment in the listed entities Mirvac Real Estate Investment Trust and Mirvac Industrial Trust. When there are any indicators of impairment, the carrying value of these investments are compared to the discounted forecast future cashflows. The discount rate selected allows for the time value of money and the risks specific to the asset that an investor would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile of an equivalent entity.

The impairment loss recognised during the period is in relation to Mirvac Real Estate Investment Trust. The net realisable value of this trust has decreased since 30 June 2008 due to the forecast deterioration of the trust's earnings and distributions.

In valuing Mirvac Real Estate Investment Trust, a pre-tax discount rate of 12.15% was applied to future estimated distributions, which resulted in an impairment expense of \$9,209,000 (2008: 9%; \$50,813,000). The increase in discount rate applied to cash flows is reflective of current market conditions associated with the trust's level of gearing and cost of equity. There was no impairment loss recognised during the period for Mirvac Industrial Trust (2008: \$20,297,000).

During the period the carrying value of the Investment management division's investment in the Chantrey City Regeneration Fund was impaired by \$2,407,000. The impairment loss was recognised within the 'Impairment of Investments and Joint Ventures' line within the Income Statement. Mirvac considers the booking of the impairment provision as prudent based on a number external factors currently being faced by the Chantrey City Regeneration Fund and its two development projects. Mirvac Limited's position has been made independently of the positions taken by the other investors within the fund

There were no indicators of impairment in respect of other associates.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 30. INVESTMENTS IN JOINT VENTURES

Joint venture entities include corporations, partnerships and other entities and are equity accounted and included in interest in Joint ventures – refer note 13.

Name	Principal activities	Ownership		Consolidated		Parent entity	
		2009 %	2008 %	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
197 Salmon Street Trust	Property investment	50%	50%	44,993	55,476	-	-
Australian Centre for Life Long Learning	Property development	50%	50%	-	8,714	-	-
Bankstown Airport Development Pty Limited	Property development	50%	50%	4	4	-	-
Bargara Lifestyle Development Pty Limited	Property development	50%	50%	-	574	-	-
BL Developments Pty Limited	Property development	50%	50%	43,990	41,947	-	-
Fast Track Bromelton Pty Limited and Nakheel SPV Pty Limited	Property development	50%	-	12,816	-	-	-
Mirvac UK Property Limited (formerly Chantrey Limited) ¹	Property investment	-	50%	-	4,963	-	-
City West Property Investments (No.1) Trust	Property development	50%	50%	9,029	8,395	-	-
City West Property Investments (No.2) Trust	Property development	50%	50%	9,029	8,395	-	-
City West Property Investments (No.3) Trust	Property development	50%	50%	9,029	8,395	-	-
City West Property Investments (No.4) Trust	Property development	50%	50%	9,029	8,395	-	-
City West Property Investments (No.5) Trust	Property development	50%	50%	9,029	8,395	-	-
City West Property Investments (No.6) Trust	Property development	50%	50%	9,029	8,395	-	-
CN Collins	Property development	50%	50%	340	15,000	-	-
Domaine Investment Trust	Property development	50%	50%	-	633	-	-
Prosaine Management Pty Limited	Investment management	50%	50%	-	393	-	-
Ephraim Island Joint Venture	Property development	50%	50%	11,782	20,036	-	-
High Sky Pty Limited	Property development	33%	33%	-	-	-	-
HPAL Freehold Pty Limited	Property development	50%	50%	4,057	416	-	-
Infocus Infrastructure Management Pty Limited	Property development	50%	50%	2,254	1,672	-	-
J F Infrastructure Pty Limited	Investment management	50%	50%	-	-	-	-
Lifestyle Villages Management Pty Limited	Investment management	50%	50%	-	100	-	-
Lifestyle Villages Trust	Property development	50%	50%	-	2,054	-	-
Mirvac Aust Super Pty Limited	Property investment/development	50%	50%	9,602	23,484	-	-
Mirvac Lend Lease Village Consortium/	Property development	50%	50%	313	7,823	-	-
Newington Olympic Village	Property development	-	50%	-	21,462	-	-
Mirvac Pacific Pty Limited	Property development	-	50%	-	21,462	-	-
Mirvac Wholesale Residential Development Partnership Trust	Property investment	20%	20%	11,580	11,065	-	-
MVIC Finance 2 Pty Limited	Property development	50%	50%	37	37	-	-
New Zealand Sustainable Forestry Investors	Property investment	33%	33%	8,373	15,804	-	-
Old Wallgrove Road Trust	Property investment	50%	50%	1,850	2,228	-	-
Quadrant Real Estate Advisors LLC	Investment Management	50%	50%	2,342	1,874	-	-
Rockbank	Property development	50%	50%	13,981	14,100	-	-
Swanbourne Joint Venture	Property development	50%	50%	6,779	15,773	-	-
				229,267	316,002	-	-

1) The Mirvac Group acquired the remaining shares of these entities during the period and they are now controlled entities of the group.

All joint venture entities are incorporated in Australia with the exception of Quadrant Real Estate Advisors, LLC which is incorporated in the United States and Chantrey Limited which is incorporated in the United Kingdom.

NOTE 30. INVESTMENTS IN JOINT VENTURES / CONTINUED

2009 Name	Profit/(loss) (100%) \$'000	Mirvac share of net profit/(loss) \$'000	Total assets (100%) \$'000	Total liabilities (100%) \$'000	Net assets (100%) \$'000	Mirvac carrying value of net assets \$'000
197 Salmon Street Trust	(13,564)	(6,782)	94,920	2,785	92,135	44,993
Australian Centre for Life Long Learning ¹	(2,372)	(1,186)	84,793	96,733	(11,940)	–
Bankstown Airport Development Pty Limited	–	–	19	13	6	4
Bargara Lifestyle Development Pty Limited	82	(418)	8,823	10,265	(1,442)	–
BL Developments Pty Limited	11,868	5,934	188,907	84,562	104,345	43,990
Fast Track Bromelton Pty Limited and Nakheel SPV Pty Limited ²	4	–	36,099	34	36,065	12,816
City West Property Investments (No.1) Trust	188	–	18,305	26	18,279	9,029
City West Property Investments (No.2) Trust	188	–	18,305	26	18,279	9,029
City West Property Investments (No.3) Trust	188	–	18,305	26	18,279	9,029
City West Property Investments (No.4) Trust	188	–	18,305	26	18,279	9,029
City West Property Investments (No.5) Trust	188	–	18,305	26	18,279	9,029
City West Property Investments (No.6) Trust	188	–	18,305	26	18,279	9,029
CN Collins ³	(35,690)	(14,660)	35,674	41,364	(5,690)	340
Domaine Investment Trust	(3,366)	(1,683)	3,445	6,811	(3,366)	–
Prosaine Management Pty Limited	–	166	–	–	–	–
Ephraim Island Joint Venture ⁴	(15,314)	(8,192)	90,577	67,014	23,563	11,782
High Sky Pty Limited	–	–	–	–	–	–
HPAL Freehold Pty Limited	39	3,890	50,127	41,474	8,653	4,057
Infocus Infrastructure Management Pty Limited	1,325	582	5,335	1,291	4,044	2,254
J F Infrastructure Pty Limited ⁵	(15,817)	(11,868)	7,118	191,184	(184,066)	–
Lifestyle Villages Management Pty Limited	–	–	–	–	–	–
Lifestyle Villages Trust ⁶	–	–	8,066	5,985	2,081	–
Mirvac Aust Super Pty Limited	(40,249)	(20,122)	40,792	22,181	18,611	9,602
Mirvac Lend Lease Village Consortium/ Newington Olympic Village	5,628	2,240	7,967	5,919	2,048	313
Mirvac Pacific Pty Limited	–	–	–	–	–	–
Mirvac Wholesale Residential Development Partnership Trust ⁷	2,271	454	461,192	252,898	208,294	11,580
MVIC Finance 2 Pty Limited	3	–	97	13	84	37
New Zealand Sustainable Forestry Investors ⁸	360	(1,610)	77,549	30,578	46,971	8,373
Old Wallgrove Road Trust	733	(10)	9,289	88	9,201	1,850
Quadrant Real Estate Advisors LLC ⁹	(457)	(4,830)	380	5,700	(5,320)	2,342
Rockbank	(258)	(119)	28,434	515	27,919	13,981
Swanbourne Joint Venture ¹⁰	4,432	1,642	10,110	1,166	8,944	6,779
Walsh Bay Partnership	16	–	415	2,644	(2,229)	–
Mirvac Aqua Pty Limited ¹¹	(523)	(265)	336	5,722	(5,386)	–
	(99,721)	(56,837)	1,360,294	877,095	483,199	229,267

1) The carrying amount of the investment has been impaired by \$7,640,000 to zero. Mirvac has further written down its loan to the joint venture by \$16,980,000.

2) The Group's share of equity is lower than expected largely due to \$7,000,000 of procurement fee that is due to be returned to the joint venture partner. The remaining variance represents eliminated unearned income of (\$3,000,000).

3) The Group's carrying value includes a future management fee of \$3,100,000 recoverable from the investment.

4) Mirvac has impaired the carrying amount of it's investment by \$7,657,000.

5) In 2009 the Group have further written down its loan to the joint venture to cover the loss of \$11,780,000 (2008: \$85,791,000).

6) The Group has impaired the carrying amount of it's investment by \$1,048,000.

7) The Group's carrying value is lower than expected due to the elimination of unearned income.

8) The Group has impaired the carrying amount of it's investment by \$7,000,000.

9) The Group has impaired the carrying amount of it's investment by \$2,341,000.

10) The variance is due to a timing difference of a distribution received from its investment.

11) The carrying amount of the investment has been impaired to zero.

The carrying amounts reported by the Group have been adjusted for unrealised profit from transactions with the Group. The total amount adjusted is \$39,830,000 (2008: \$33,444,000).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 30. INVESTMENTS IN JOINT VENTURES / CONTINUED

2008 Name	Profit/(loss) (100%) \$'000	Mirvac share of net profit/(loss) \$'000	Total assets (100%) \$'000	Total liabilities (100%) \$'000	Net assets (100%) \$'000	Mirvac carrying value of net assets \$'000
197 Salmon Street Trust	7,845	3,923	115,710	2,610	113,100	55,476
Australian Centre for Life Long Learning	(4,956)	(2,478)	85,675	94,858	(9,183)	8,714
Bankstown Airport Development Pty Limited	2	1	14	7	7	4
Bargara Lifestyle Development Pty Limited	82	–	8,823	10,265	(1,442)	574
BL Developments Pty Limited	13,219	7,034	147,542	55,190	92,352	41,947
Breakwater Joint Venture	–	–	–	–	–	–
Chantrey Limited	(886)	(417)	2,342	1,576	766	4,963
City West Property Investments (No 1) Trust	27	–	16,832	7	16,825	8,395
City West Property Investments (No 2) Trust	27	–	16,832	7	16,825	8,395
City West Property Investments (No 3) Trust	27	–	16,832	7	16,825	8,395
City West Property Investments (No 4) Trust	27	–	16,832	7	16,825	8,395
City West Property Investments (No 5) Trust	27	–	16,832	7	16,825	8,395
City West Property Investments (No 6) Trust	27	–	16,832	7	16,825	8,395
CN Collins	–	–	30,000	–	30,000	15,000
Domaine Investment Trust	551	276	6,247	5,603	644	633
Domaine Property Funds Limited	–	(110)	–	–	–	–
Prosaine Management Pty Limited	784	295	730	500	230	393
Ephraim Island Joint Venture	(195)	(97)	111,013	72,013	39,000	20,036
High Sky Pty Limited	–	(15)	–	–	–	–
HPAL Freehold Pty Limited	3,253	–	46,307	42,878	3,429	416
Infocus Infrastructure Management Pty Limited	1,561	781	4,532	1,805	2,727	1,672
JF Infrastructure Pty Limited	(171,581)	(85,793)	10,577	178,678	(168,101)	–
Lifestyle Villages Management Pty Limited	–	–	–	–	–	100
Lifestyle Villages Trust	–	–	8,080	5,985	2,095	2,054
Mirvac Aust Super Pty Limited	1,137	568	76,794	29,826	46,968	23,484
Mirvac Lend Lease Village Consortium/ Newington Olympic Village	12,041	3,354	44,769	28,920	15,849	7,823
Mirvac Pacific Pty Limited	(75)	(38)	115,915	77,990	37,925	21,462
Mirvac Wholesale Residential Development Partnership Trust	530	106	381,594	190,003	191,591	11,065
MVIC Finance 2 Pty Limited	4	–	93	12	81	37
New Zealand Sustainable Forestry Investors	2,035	678	71,734	26,276	45,458	15,804
Old Wallgrove Road Trust	765	383	9,266	65	9,201	2,228
Phoenix Estates Pty Limited	–	(149)	–	–	–	–
Property Funds Australia Limited	–	568	–	–	–	–
Quadrant Real Estate Advisors LLC	(2,195)	(1,309)	8,590	11,480	(2,890)	1,874
Rockbank	(556)	(278)	28,505	311	28,194	14,100
Swanbourne Joint Venture	37,761	15,943	7,424	–	7,424	15,773
Walsh Bay Partnership	(1,084)	(747)	542	4,287	(3,745)	–
Mirvac Aqua Pty Limited	(314)	(195)	580	5,444	(4,864)	–
	(100,110)	(57,716)	1,424,390	846,624	577,766	316,002

NOTE 30. INVESTMENTS IN JOINT VENTURES / CONTINUED

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Movement in carrying amounts				
Carrying amount at the beginning of the financial year	316,002	451,753	–	–
Transfers to associates	–	(123,072)	–	–
New investment during the reporting period	29,481	152,466	–	–
Excess loss over equity invested written off against loans	10,141	66,534	–	–
Equity sold	–	(21,305)	–	–
Distributions received	(14,461)	(56,912)	–	–
Joint venture partners (contributions)/distributions	1,650	5,777	–	–
Unrealised loss	(6,836)	(17,322)	–	–
Share of loss from ordinary operating activities	(56,837)	(57,716)	–	–
Transfer to investment in controlled entities	(28,584)	(71,082)	–	–
Provision for deferred settlements recognised during the period	9,788	15,879	–	–
Impairment of investment	(17,743)	(5,000)	–	–
Reclassified to loans to related entities	–	(21,325)	–	–
Transfer to inventory	(11,485)	–	–	–
Other	(1,849)	(2,673)	–	–
Carrying amount at the end of the financial year	229,267	316,002	–	–
Joint venture entities – Mirvac's aggregate share of entities' assets and liabilities				
Current assets	120,583	147,435	–	–
Non-current assets	408,024	438,085	–	–
Total assets	528,607	585,520	–	–
Current liabilities	176,276	145,491	–	–
Non-current liabilities	181,205	216,353	–	–
Total liabilities	357,481	361,844	–	–
Net assets	171,126	223,676	–	–
Mirvac's aggregate share of entities' revenues, expenses and results				
Revenues	98,643	188,574	–	–
Expenses	(142,951)	(244,538)	–	–
Profit before income tax	(44,308)	(55,964)	–	–
Share of joint venture expenditure commitments				
Capital commitments	–	14,300	–	–

a) Impairment of investment

Investments currently hold an investment in Old Wallgrove Road Trust. On a regular basis, the carrying value of these types of investments are compared to the discounted forecast future cash flows or the fair value less costs to sell of the underlying assets. There was no impairment loss recognised during the period for Old Wallgrove Road Trust (2008: \$5,000,000).

Mirvac considered it prudent to make an impairment provision of \$7,400,000 against the carrying value of the Investment Management division's investment in New Zealand Sustainable Forestry Investors ("NZSFI"). Mirvac consider the booking of the impairment provision as prudent based on a number external factors currently being faced by NZSFI. Mirvac's position has been made independently of the positions taken by the other investors within the fund.

The carrying value of the Development division's investment in Australian Centre for Life Long Learning ("ACFLLL") was impaired to nil during the year. Mirvac consider the booking of the impairment provision as prudent based on a number of external factors currently faced by ACFLLL, mainly due to the disconnect between the required commercial return and affordability levels of education providers.

Investments in joint ventures are reviewed at each balance date for any impairment and written off to the extent that the future benefits are no longer probable and do not support the carrying value in the investment.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 31. CONTINGENT LIABILITIES

The parent entity and the Group had contingent liabilities at 30 June 2009 in respect of:

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Bank guarantees and performance bonds issued by external parties in respect of certain performance obligations granted in the normal course of business	85,011	112,856	–	–

Asset performance guarantees

The Group has provided guarantees to owners of some managed assets as to the future performance of these assets. The guarantees total \$3.6 million. No material losses are anticipated in respect of these contractual obligations.

Claims

Claims for damages in respect of injury sustained due to health and safety issues have been made during the year. The potential effect of these claims indicated by legal advice is that if the claims were to be successful they would result in a liability of approximately \$0.2 million.

NOTE 32. COMMITMENTS

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
a) Capital commitments				
Property, plant and equipment				
Not later than one year	2,703	–	–	–
Later than one year but not later than 5 years	–	–	–	–
Later than 5 years	–	–	–	–
	2,703	–	–	–
Investment properties				
Not later than one year	55,083	102,617	–	–
Later than one year but not later than 5 years	28,500	13,215	–	–
Later than 5 years	–	–	–	–
	83,583	115,832	–	–
b) Lease commitments				
Operating leases				
Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:				
Not later than one year	8,957	5,898	–	–
Later than one year but not later than 5 years	25,788	24,224	–	–
Later than 5 years	2,004	4,814	–	–
	36,749	34,936	–	–
Finance leases				
Commitments in relation to finance leases are payable as follows:				
Not later than one year	30	–	–	–
Later than one year but not later than 5 years	20	–	–	–
Later than 5 years	–	–	–	–
Residual	25	–	–	–
Minimum lease payments	75	–	–	–
Less: Future finance charges	(7)	–	–	–
Representing lease liabilities	68	–	–	–
Current (note 20)	68	–	–	–

Mirvac leases various plant and equipment with a carrying value of \$79,000 (2008: nil) under finance leases expiring in less than 5 years.

NOTE 33. KEY MANAGEMENT PERSONNEL**a) Directors**

The following persons were Directors of Mirvac Limited during the financial year:

Chairman – Non-Executive Director

J MacKenzie

Executive Directors

N Collishaw (appointed Managing Director 26 August 2008)

G Paramor (retired Managing Director 26 August 2008)

Non-Executive Directors

P Biancardi

A Fini (Executive Director until 31 December 2008)

P Hawkins

P Morris

R Turner

b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of Mirvac, directly or indirectly, during the financial year:

Name	Position	Employer
E Campbell	Chief Executive Western Australia	Mirvac Projects Pty Limited
J Carfi	Chief Executive New South Wales	Mirvac Projects Pty Limited
G Collins	Chief Executive Victoria	Mirvac Projects Pty Limited
B Draffen	Chief Executive Development	Mirvac Projects Pty Limited
G Flowers	General Manager Operations (from 1 September 2008)	Mirvac Projects Pty Limited
C R Freeman	Chairman, Mirvac UAE, UK and QLD Development	Mirvac Projects Pty Limited
A Harrington	Joint Chief Executive Investment Management (until 31 December 2008)	Mirvac Projects Pty Limited
G Hodgetts	Chief Executive Investment Management	Mirvac Projects Pty Limited
J Mitchell	Chief Financial Officer	Mirvac Projects Pty Limited
T Regan	Chief Operating Officer (until 31 August 2008)	Mirvac Projects Pty Limited
A Turner	Chief Executive Hotels	Mirvac Projects Pty Limited
M Wallace	Chief Executive Queensland	Mirvac Projects Pty Limited

c) Key Management Personnel compensation

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Short-term employment benefits	10,667	12,208	1,117	1,228
Post-employment benefits	502	583	150	177
Share-based payments	2,499	2,807	–	–
Termination benefits	4,430	–	–	–
Other long-term benefits	134	151	–	–
Total	18,232	15,749	1,267	1,405

NOTES TO THE FINANCIAL STATEMENTS

NOTE 33. KEY MANAGEMENT PERSONNEL / CONTINUED

d) Equity instrument disclosures relating to Key Management Personnel

i) Security holdings

The number of ordinary securities in Mirvac held during the financial year by each Director and other KMP, including their personally-related parties, are set out below:

	Balance at start of the year	Securities issued under EEP	Other changes	Balance at end of the year
2009				
Directors				
P Biancardi	8,041	–	95,238	103,279
N Collishaw	1,461,255	505	565,676	2,027,436
A Fini	8,816,781	505	(125,110)	8,692,176
P Hawkins	18,684	–	423,863	442,547
J MacKenzie	55,978	–	63,222	119,200
P Morris	42,841	–	166,153	208,994
R Turner	69,241	–	161,704	230,945
Other KMP				
E Campbell	85,543	505	103,617	189,665
J Carfi	90,472	505	37,936	128,913
G Collins	164,764	505	76,290	241,559
B Draffen	136,730	505	243,037	380,272
G Flowers	–	–	–	–
C Freeman	320,219	505	–	320,724
G Hodgetts	95,892	505	43,043	139,440
J Mitchell	115,684	505	48,448	164,637
A Turner	390,301	505	162,964	553,770
M Wallace	103,291	505	50,000	153,796
2008				
Directors				
P J Biancardi	8,041	–	–	8,041
N Collishaw	1,451,137	180	9,938	1,461,255
A Fini	8,780,046	180	36,555	8,816,781
P Hawkins	18,684	–	–	18,684
J MacKenzie	55,886	–	92	55,978
P Morris	42,841	–	–	42,841
G Paramor	5,755,474	180	–	5,755,654
R Turner	68,088	–	1,153	69,241
Other KMP				
E Campbell	85,363	180	–	85,543
J Carfi	90,292	180	–	90,472
G Collins	163,495	180	1,089	164,764
B Draffen	136,550	180	–	136,730
C Freeman	320,039	180	–	320,219
A Harrington	607,686	180	–	607,866
G Hodgetts	95,635	180	77	95,892
J Mitchell	115,504	180	–	115,684
T Regan	632,817	180	(192)	632,805
A Turner	640,121	180	(250,000)	390,301
M Wallace	103,111	180	–	103,291

NOTE 33. KEY MANAGEMENT PERSONNEL / CONTINUED**d) Equity instrument disclosures relating to Key Management Personnel / continued****ii) Options**

Details of options as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options are provided on pages 12 to 23 of the Directors' Report.

The number of options over ordinary securities in Mirvac held during the financial year by each Director and other KMP, including their personally-related parties, are set out below:

	Balance at start of the year	Options issued under LTI	Other changes	Balance at end of the year	Unvested
2009					
Directors					
N Collishaw	413,240	1,923,100	–	2,336,340	2,336,340
A Fini	413,240	–	(137,609)	275,631	275,631
Other KMP					
E Campbell	225,990	416,700	–	642,690	642,690
J Carfi	–	368,600	–	368,600	368,600
G Collins	225,990	416,700	–	642,690	642,690
B Draffen	258,280	538,500	–	796,780	796,780
G Flowers	–	192,300	–	192,300	192,300
G Hodgetts	215,230	371,800	–	587,030	587,030
J Mitchell	137,750	333,300	–	471,050	471,050
A Turner	204,470	304,500	–	508,970	508,970
M Wallace	–	336,500	–	336,500	336,500
2008					
Directors					
N Collishaw	–	413,240	–	413,240	413,240
A Fini	–	413,240	–	413,240	413,240
G Paramor	–	1,162,240	–	1,162,240	1,162,240
Other KMP					
E Campbell	–	225,990	–	225,990	225,990
G Collins	–	225,990	–	225,990	225,990
B Draffen	–	258,280	–	258,280	258,280
A Harrington	–	258,280	–	258,280	258,280
G Hodgetts	–	215,230	–	215,230	215,230
J Mitchell	–	137,750	–	137,750	137,750
T Regan	–	279,800	–	279,800	279,800
A Turner	–	204,470	–	204,470	204,470
M Wallace	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

NOTE 33. KEY MANAGEMENT PERSONNEL / CONTINUED

d) Equity instrument disclosures relating to Key Management Personnel / continued

iii) Performance rights

Details of performance rights as remuneration and shares issued on the exercise of such rights, together with terms and conditions of the options are provided on pages 12 to 23 of the Directors' Report.

The number of performance rights in Mirvac held during the financial year by each Director and other KMP, including their personally-related parties, are set out below:

	Balance at start of the year	Rights issued under LTI	Other changes	Balance at end of the year
2009				
Directors				
N Collishaw	116,360	869,600	–	985,960
A Fini	116,360	–	(38,748)	77,612
Other KMP				
E Campbell	63,640	188,400	–	252,040
J Carfi	27,270	166,700	–	193,970
G Collins	63,640	188,400	–	252,040
B Draffen	72,730	243,500	–	316,230
G Flowers	–	87,000	–	87,000
C Freeman	–	1,304,300	–	1,304,300
G Hodgetts	60,610	168,100	–	228,710
J Mitchell	38,790	150,700	–	189,490
A Turner	57,580	137,700	–	195,280
M Wallace	25,450	152,200	–	177,650
2008				
Directors				
N Collishaw	–	116,360	–	116,360
A Fini	–	116,360	–	116,360
G Paramor	–	327,270	–	327,270
Other KMP				
E Campbell	–	63,640	–	63,640
J Carfi	–	27,270	–	27,270
G Collins	–	63,640	–	63,640
B Draffen	–	72,730	–	72,730
A Harrington	–	72,730	–	72,730
G Hodgetts	–	60,610	–	60,610
J Mitchell	–	38,790	–	38,790
T Regan	–	78,790	–	78,790
A Turner	–	57,580	–	57,580
M Wallace	–	25,450	–	25,450

NOTE 33. KEY MANAGEMENT PERSONNEL / CONTINUED

e) Loans to Directors and KMP

Details of loans made to Directors of Mirvac and other KMP (including loans granted under LTI and EIS), including their personally-related parties, are set out below.

i) Aggregates for Directors and KMP

	Balance at the start of the year \$	Interest not charged (d) \$	Balance at the end of the year \$	Number in Mirvac at end of the year Number
2009	20,149,564	294,112	12,526,340	11
2008	20,289,822	180,817	20,149,564	14

ii) Individuals with loans above \$100,000 during the financial year

	Note	Balance at the start of the year \$	Interest not charged (d) \$	Balance at the end of the year \$	Highest indebtedness during the year \$
Directors					
N Collishaw	(a)	1,001,459	–	974,470	1,001,459
	(c)	1,004,500	–	1,004,500	1,004,500
	(e)	–	89,827	2,000,000	2,000,000
A Fini	(a)	1,046,608	–	1,017,174	1,046,608
	(b)	680,000	45,922	–	680,000
Other KMP					
E Campbell	(a)	329,200	–	320,032	329,200
	(b)	80,000	1,203	–	80,000
J Carfi	(a)	336,743	–	326,921	336,743
	(b)	140,000	7,474	80,000	140,000
	(e)	–	36,302	1,500,000	1,500,000
G J Collins	(a)	463,042	–	447,420	463,042
	(b)	80,000	1,203	–	80,000
B Draffen	(a)	555,217	–	540,358	555,217
	(b)	500,000	41,073	500,000	500,000
C Freeman	(a)	1,118,430	–	1,083,596	1,118,430
	(b)	480,000	39,430	480,000	480,000
G Hodgetts	(a)	413,784	–	403,478	413,784
J Mitchell	(a)	298,478	–	290,287	298,478
	(c)	157,850	–	157,850	157,850
A Turner	(a)	730,092	–	704,123	730,092
	(b)	420,000	30,475	360,000	420,000
M Wallace	(a)	347,329	–	336,181	347,329
	(b)	80,000	1,203	–	80,000

NOTES TO THE FINANCIAL STATEMENTS

NOTE 33. KEY MANAGEMENT PERSONNEL / CONTINUED

ii) Individuals with loans above \$100,000 during the financial year / continued

2008	Note	Balance at the start of the year \$	Interest not charged (d) \$	Balance at the end of the year \$	Highest indebtedness during the year \$
Directors					
G Paramor ¹	(a)	2,396,128	–	2,282,472	2,396,128
	(c)	2,768,500	–	2,768,500	2,768,500
N Collishaw	(a)	1,080,308	–	1,001,459	1,080,308
	(c)	1,004,500	–	1,004,500	1,004,500
A Fini	(a)	1,108,618	–	1,046,608	1,108,618
	(b)	800,000	92,150	680,000	800,000
Other KMP					
E Campbell	(a)	346,205	–	329,200	346,205
	(b)	–	9,059	80,000	140,000
J Carfi	(a)	356,743	–	336,743	356,743
	(b)	180,000	19,834	140,000	260,000
G Collins	(a)	495,145	–	463,042	495,145
	(b)	–	8,911	80,000	140,000
B Draffen	(a)	585,491	–	555,217	585,491
	(b)	500,000	67,758	500,000	500,000
C Freeman	(a)	1,189,401	–	1,118,430	1,189,401
	(b)	600,000	67,721	480,000	600,000
A Harrington ¹	(a)	698,573	–	661,766	698,573
	(c)	1,641,164	–	1,641,164	1,641,164
G Hodgetts	(a)	434,782	–	413,784	434,782
J Mitchell	(a)	473,015	–	456,328	473,015
T Regan ¹	(a)	811,640	–	768,934	811,640
	(c)	1,764,000	–	1,764,000	1,764,000
A Turner	(a)	1,200,325	–	730,092	1,200,325
	(b)	480,000	56,916	420,000	480,000
M Wallace	(a)	370,042	–	347,329	370,042
	(b)	140,000	15,631	80,000	220,000

1) Not a KMP at 30 June 2009 and therefore not included in the current year table.

- a) Securities purchased under the LTI, EIS and former JFG EIS are by interest-free employee loans. The loans are non-recourse in the event of disposal. The stapled securities issued are held as security until the loans are repaid.
- b) Loans made under the Employee Loan Scheme are interest-free, repayable over periods from six to ten years, and repayable in full upon cessation of employment. The loans are secured by mortgage over the property or securities purchased. Loans issued under the Employee Loan Scheme are subject to a periodic forgiveness schedule and may also be subject to terms set out in the service agreements.
- c) Securities issued under the former JFG EIS and converted to Mirvac securities are interest bearing employee loans. The loans are non-recourse in the event of disposal. The stapled securities issued are held as security until the loans are repaid.
- d) Interest not charged excludes loans issued under LTI and EIS.

NOTE 33. KEY MANAGEMENT PERSONNEL / CONTINUED**ii) Individuals with loans above \$100,000 during the financial year / continued**

e) During financial year 2009, several employees were invited to participate in an interest-free loan program which has since been closed to further entry, consistent with Mirvac's intention to eliminate the use of loan plans as part of employee reward. The amounts of the loans range from \$500,000 to \$2,000,000 and must be secured against property or Mirvac securities. The loan was granted on a full recourse basis. A progressively increasing forgiveness schedule allows for no more than 50 per cent of the total loan balance to be forgiven after five years of continued service. Participants have 12 months from the end of the fifth year to repay the balance due and interest is payable during this time.

f) Loan repayments are made partly from distributions and from sales of underlying securities.

Other than loans forgiven to specified executives as disclosed in the Remuneration Report, no write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to Directors or specified executives.

f) Other transactions with Directors and KMP

There are a number of transactions between Directors and KMP with the Group. The terms and conditions of these transactions are considered to be no more favourable than on similar transactions on an arms length basis.

On occasions, Directors and KMP of the Group may purchase goods and services from Mirvac. These purchases are on terms and conditions available to Mirvac employees generally.

As set out in the Directors' Report a number of the Directors of Mirvac are also Directors of other companies. On occasions the Group may purchase goods and services from or supply good and services to these entities. These transactions are undertaken on normal commercial terms and conditions and the Director and KMP does not directly influence these transactions.

NOTE 34. EMPLOYEE BENEFITS**a) Employee benefits and related on-cost liabilities**

	Consolidated	
	2009 \$'000	2008 \$'000
Provision for employee benefits		
Annual leave accrual	17,314	21,759
Current long service leave	6,457	4,814
Non-current long service leave	4,459	7,449
Aggregate employee benefit and related on-cost liabilities	28,230	34,022

The aggregate employee benefit and related on-cost liability includes amounts for annual leave and long service leave. The amount for long service leave that is expected to be settled more than 12 months from the reporting date is measured at its present value.

b) Superannuation commitments

Mirvac offers employees based in Australia as part of their remuneration the ability to participate in a staff superannuation plan issued by Australian Super. Employees are able to choose whether to participate in this plan or a qualifying plan of their choice. The plan provides lump sum benefits on retirement, disability or death for employees who are invited by their employer to join the plan. The plan is a defined contribution plan, which complies with relevant superannuation requirements.

c) Employee security/unit issues

The total of all securities issued under all employee security schemes is limited to 5 per cent of the issued securities of the stapled group in any five year period.

NOTE 34. EMPLOYEE BENEFITS / CONTINUED

d) LTI Plans

EEP

Mirvac has in operation a general employee exemption plan whereby offers are made to eligible Australian based employees (but not to Non-Executive Directors) to acquire Mirvac stapled securities to a value of \$1,000 per annum tax free. Securities acquired under this plan must be held for a minimum of three years (or earlier at cessation of employment with the Group) during which time the securities are subject to a restriction on disposal but otherwise holders enjoy the same rights and benefits as other holders of Mirvac's stapled securities. As at 30 June 2009, 1,614,783 stapled securities (2008: 664,588) have been issued to employees under this general employee exemption plan. No securities have subsequently been issued in the period from 30 June 2009 to the date of this Report.

Current LTI plan

Mirvac's current long-term incentive scheme was introduced in 2007 following approval by securityholders at the 2007 Annual General/General Meetings. This plan applies to the Managing Director, Executive Directors, senior executives and other executive employees only.

Under this plan participants are offered performance rights over Mirvac's stapled securities which can only be exercised if certain performance conditions are achieved over a three year period. For the Managing Director, Executive Directors and senior executives a portion of this award also comprises options over Mirvac's stapled securities. Grants of options will be limited to these employees only as they have the greatest capacity to drive the growth of Mirvac.

One performance condition applies to the grants made in the current financial year, being measured based on: Relative TSR. Entitlements to the performance rights and to exercise the options will only arise if medium or higher, ranking is achieved.

As at 30 June 2009, 9,923,912 (2008: 2,910,520) performance rights and 10,464,491 (2008: 4,246,500) options were issued to participants under the plan. The number of issued rights and options are net of adjustments due to forfeiture of rights and options due to termination of employment. No performance rights or options vested during the year to 30 June 2009 (2008: nil).

Superseded plans

Two previous long-term incentive plans were closed with the introduction of the current plan. Subject to the conditions for disposal of securities issued under the superseded LTI and EIS, loans are non-recourse in the event of disposal.

– EIS

Until 2006, Mirvac's long-term variable remuneration for employees was its EIS. The EIS, which was open to all permanent employees, was designed to widely share the benefits of the Group's performance through the provision of loans to purchase Mirvac's stapled securities. Allocations were made annually, were unrestricted and fully vested on allotment. The loans were repayable via distributions received on the securities or upon their sale.

The EIS scheme was closed to new participants in 2006 as it was no longer considered to be consistent with market practice but existing arrangements remain in place until all current loans are repaid.

– LTI plan

A revised LTI plan was introduced in 2006 and approved by members at the Group's 2006 Annual General Meeting/General Meetings. Participation in the plan was open to the Managing Director, Executive Directors, other executives and eligible employees. Under this plan, participants were offered a loan, calculated as a percentage of a participant's fixed remuneration component, which has been applied to fund the acquisition of Mirvac's stapled securities at market value.

The term of the loan is eight years. Any loan balance outstanding at the end of the eighth year must be repaid at that time. The loan is also being reduced by applying the after tax amounts of any distributions paid by Mirvac to the outstanding principal. The loans are interest free and non-recourse over their term. However the loan to the Managing Director has been provided on a full recourse basis.

Two performance conditions have been imposed before the securities acquired under the plan vest with the participant; being a measure based on: TSR; and Absolute EPS growth.

The satisfaction of each condition is given an equal weighting in terms of the total number of securities that may vest (i.e. 50 per cent of the total securities held by a participant is subject to each performance condition).

NOTE 34. EMPLOYEE BENEFITS / CONTINUED**e) Share based payment expense**

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current LTI plan	4,813	3,545	–	–
Superseded LTI plan	421	1,567	–	–
EEP	1,878	2,003	–	–
Superseded employee incentive scheme	–	12	–	–
Total	7,112	7,127	–	–

f) Fair value of security based payment

- EEP: The nature of the securities allotted under this plan is in substance similar to an option. The assessed fair value is expensed to the Income Statement as the securities vest immediately.
- LTI Plans: Fair value at grant date have been independently determined using an option pricing model that takes into account the exercise price, the term of securities, the current price of the underlying securities, the expected volatility of the security price, the expected dividend yield and the risk-free interest rate for the term of the security. The fair value of the share based payments is calculated using the binomial option pricing model.

Assumptions used for the fair value of security based payments are as follows:

i) Share based payment inputs for the current LTI plan

	Performance options	Performance rights
Grant date	21 August 2008	21 August 2008
Performance hurdle	Relative TSR	Relative TSR
Performance period start	1 July 2008	1 July 2008
Performance testing date	30 June 2011	30 June 2011
Expiry date	26 September 2013	26 September 2018
Share price at grant date	\$2.71	\$2.71
Exercise price	\$2.77	Nil
Expected life	4.0 years	2.9 years
Volatility	33%	33%
Risk free interest rate	5.61%	5.58%
Dividend yield	7.1%	7.1%

ii) Share based payment inputs for the superseded LTI plan and the EEP issues during the period

	LTI	EEP
Grant date	14 December 2006	17 October 2008
Spot price at grant date	\$5.34	\$1.98
Expected life	8.0 years	n/a
Expected volatility of security price (annualised)	16.6%	n/a
Dividend yield	6.5%	n/a
Risk free interest rate	6.0%	n/a
Vesting period	2.5 years	n/a

NOTES TO THE FINANCIAL STATEMENTS

NOTE 34. EMPLOYEE BENEFITS / CONTINUED

g) Mirvac Executive Share and Option Plan ("MESOP")

The plan was adopted by a special resolution at the Annual General Meeting of the members of Mirvac Limited on 6 November 1996. The MESOP is limited to executives of Mirvac Limited approved by the Board. Participating executives do not receive benefits unless targets are achieved. Funds for the acquisition of fully paid ordinary securities under the MESOP Scheme are limited to the lesser of:

- i) 5 per cent of Mirvac annual pre-tax aggregated net profit; or
- ii) \$2,000,000.

No securities were acquired during the year ended 30 June 2009 (2008: nil). At 30 June 2009 the number of acquired securities outstanding under the MESOP was 1,841 (2008: 25,508).

h) Employee Loan Scheme

The Employee Loan Scheme was approved by a special resolution of the members of Mirvac Limited in 2002. Under the terms of the loan scheme, loans are only made to eligible employees (including executive Directors), under terms and conditions at the discretion of the Directors of Mirvac Limited. Eligibility under the loan scheme is at the discretion of the Directors of Mirvac Limited.

The total of all loans issued under the loan scheme shall not exceed 2.5 per cent of the total issued share capital and reserves of Mirvac Limited and its controlled entities. Loans are immediately repayable upon the member ceasing to be an employee.

At 30 June 2009 loans totalling \$1,821,560 (2008: \$4,003,000) were offered to employees, \$1,821,560 (2008: \$4,003,000) of which were drawn down at 30 June 2009. These loans have a periodic forgiveness schedule.

NOTE 35. RELATED PARTIES

a) Subsidiaries

Interests in subsidiaries are set out in note 15.

b) KMP

Disclosures relating to KMP are set out in note 33.

c) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Transactions with parent				
Interest paid to Mirvac Property Trust	–	–	12,156	12,553
Amounts due from subsidiaries	–	–	2,917,646	2,603,061
Amounts due to subsidiaries	–	–	(1,476,523)	(1,178,838)
Transactions with associates and joint ventures				
Project development fees	6,289	16,370	–	–
Management and service fees	48,990	50,341	–	–
Construction billings	130,182	154,015	–	–
Sale of assets to funds	–	100,395	–	–
Commissions	432	6,181	–	–
Responsible entity fees	24,513	34,999	–	–

NOTE 35. RELATED PARTIES / CONTINUED**d) Outstanding balances in relation to transactions with related parties**

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current receivables				
Associates and joint ventures	18,638	66,934	–	–
Non-current receivables				
Associates and joint ventures	105,593	110,767	–	–

A provision of \$42,687,000 (2008: nil) for doubtful debts have been raised in relation to any outstanding balances, and no other expense has been recognised in respect of bad or doubtful debts due from related parties.

e) Terms and conditions

Transactions relating to dividends are on the same terms and conditions that applied to other securityholders.

The terms of the tax funding agreement are set out note 6(d).

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties, and the loans are interest free.

NOTE 36. FINANCIAL RISK MANAGEMENT

Mirvac's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. Mirvac's overall risk management program seeks to minimise potential adverse effects on the financial performance of Mirvac. The Group uses various derivative financial instruments to manage certain risk exposures, specifically in relation to interest rate and foreign exchange risks on borrowings.

Financial risk management is carried out by a central treasury department ("Mirvac Group Treasury") under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity. Mirvac Group Treasury identifies, evaluates, reports and manages financial risks in close cooperation with the Group's operating units in accordance with Board policy.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 36. FINANCIAL RISK MANAGEMENT / CONTINUED

The Group and the parent entity hold the following financial instruments:

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assets				
Cash and cash equivalents	896,541	29,273	182,373	8,038
Receivables	452,602	492,701	2,928,192	2,607,508
Other financial assets at fair value through profit or loss	18,489	19,262	–	–
Derivative financial assets	13,032	95,127	–	–
	1,380,664	636,363	3,110,565	2,615,546
Financial liabilities				
Payables	270,297	341,774	2,222,500	1,980,020
Borrowings	2,103,842	2,339,861	–	–
Derivative financial liabilities	43,123	110,632	–	–
	2,417,262	2,792,267	2,222,500	1,980,020

The carrying value less impairment provision of trade receivables and payables are assumed to be approximately their fair values due to their short-term nature. Derivative financial assets and liabilities are valued based upon valuation techniques.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and price risk.

i) Currency risk

Foreign exchange risk refers to the change in value between foreign currencies and the Australian dollar. This change affects the assets and liabilities of Mirvac which are denominated in currencies other than Australian dollars. Mirvac foreign exchange risks arise mainly from:

- borrowings denominated in currencies other than AUD which are predominately USD and GBP;
- investments in offshore operations which are located in the United States, United Kingdom and New Zealand;
- receipts and payments which are denominated in other currencies; and
- foreign exchange risk on derivatives.

Mirvac manages its foreign exchange risk for its assets and liabilities denominated in other currencies by borrowing in the same currency as that in which the offshore business operates to form a natural hedge against the movement in exchange rates.

Mirvac manages its foreign currency borrowings with cross currency swaps which swap the obligations to pay fixed or floating US Dollar principal and interest payments to floating Australian dollar interest payments. Cross currency swaps in place cover 100 per cent of the US Dollar denominated note principal outstanding. These swaps have the same maturity profiles as the underlying note obligations. This removes exposure to interest rates in the US market while creating floating exposures in the domestic market that have been managed to meet Mirvac's target interest rate profile. The foreign currency exchange rate has been fixed for all swaps to AUD/USD 0.7456.

NOTE 36. FINANCIAL RISK MANAGEMENT / CONTINUED**a) Market risk / continued****i) Currency risk / continued**

At 30 June 2009 the notional amounts and periods of expiry of the cross currency swap contracts are:

	2009 \$'000	2008 \$'000
Greater than 5 years	502,951	502,951

All swaps require settlement on a quarterly basis.

Translation gains or losses of net investment in foreign operations are recorded through the foreign currency translation reserve. The carrying amounts of the parent entity's financial assets and liabilities are denominated in Australian dollars.

Sensitivity analysis

Cross currency swaps are in place to manage the foreign exchange exposure on the US Dollar debt. These swaps have the same notional principals and maturity profiles as the underlying note obligations. Based upon current exposures, there is no material foreign exchange sensitivity in Mirvac.

ii) Interest rate risk

Mirvac's interest rate risk arises from long-term borrowings, cash and cash equivalents, receivables and derivatives.

Borrowings

Borrowings issued at variable rates expose Mirvac to cash flow interest rate risk. Borrowings issued at fixed rates expose Mirvac to fair value interest rate risk. The Group's policy is to have a minimum of 60 per cent and a target of 70 per cent of borrowings subject to fixed or capped interest rates. This policy has been complied with at year end. The parent entity has no exposure to interest rates.

Mirvac manages its cash flow interest rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed or capped rates. Under the interest rate derivatives, Mirvac agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The following table sets out Mirvac's net exposure to interest rate risk by maturity periods. Exposures arise predominantly from liabilities bearing variable interest rates as the Group intends to hold fixed rate liabilities to maturity.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 36. FINANCIAL RISK MANAGEMENT / CONTINUED

a) Market risk / continued

ii) Interest rate risk / continued

	Floating interest rate \$'000	Fixed interest maturing in						Total \$'000
		1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'000	
2009								
Unsecured bank loans	1,009,124	–	–	–	–	–	–	1,009,124
Domestic medium term notes	265,000	135,000	100,000	–	–	–	–	500,000
Foreign medium term notes	462,164	–	–	–	–	–	10,000	472,164
Secured bank loans	122,481	–	–	–	–	–	–	122,481
Interest rate swaps	(1,047,500)	(135,000)	(50,000)	332,500	–	–	900,000	–
Lease liability	–	30	5	5	5	5	23	73
Total	811,269	30	50,005	332,505	5	5	910,023	2,103,842
2008								
Unsecured bank loans	1,228,236	–	–	–	–	–	–	1,228,236
Commercial notes	–	138,000	–	–	–	–	–	138,000
Domestic medium term notes	265,000	–	135,000	100,000	–	–	–	500,000
Foreign medium term notes	389,570	–	–	–	–	–	10,000	399,570
Secured bank loans	74,055	–	–	–	–	–	–	74,055
Interest rate swaps	(1,572,000)	282,000	40,000	350,000	200,000	–	700,000	–
Total	384,861	420,000	175,000	450,000	200,000	–	710,000	2,339,861

Derivative instruments used by Mirvac

Mirvac has at times entered into interest rate derivatives to convert fixed rates to floating interest rates to give Mirvac the flexibility to use existing derivative positions and maintain fixed rate exposures within the target range.

Mirvac enters into a variety of bought and/or sold option agreements which allow rates to float between certain ranges and agreements which allow the bank to cancel options if certain conditions arise, the benefit of which is lower fixed rates. The rates will revert to no worse than the floating rate payable as if no derivative was entered into. These derivatives are recorded on the balance sheet at fair value in accordance with AASB 139. Derivatives currently in place cover approximately 60.3 per cent (2008: 79.7 per cent) of the loan principal outstanding. The fixed interest rates range between 4.25 per cent and 7.00 per cent (2008: 5.57 per cent and 6.30 per cent). At 30 June 2009, the notional principal amounts, interest rates and periods of expiry of the interest rate swap contracts are as follows:

Floating to fixed	Interest rates	2009	Interest rates	2008
		\$'000		\$'000
Less than 1 year	–	–	5.50% – 6.00%	282,000
1 – 2 years	5.95%	50,000	5.65% – 5.99%	175,000
2 – 3 years	4.25% - 7.00%	332,500	5.23% – 5.95%	450,000
3 – 4 years	–	–	5.57% – 5.58%	200,000
4 – 5 years	–	–	–	–
Greater than 5 years	5.67% – 6.40%	900,000	5.67% – 6.30%	700,000
		1,282,500		1,807,000
Fixed to floating	Interest rates	2009	Interest rates	2008
		\$'000		\$'000
Less than 1 year	7.00%	135,000	–	–
1 – 2 years	6.75%	100,000	7.00%	135,000
2 – 3 years	–	–	6.75%	100,000
3 – 4 years	–	–	–	–
4 – 5 years	–	–	–	–
Greater than 5 years	–	–	–	–
		235,000		235,000

The contracts require settlement of net interest receivable or payable each reset date (generally 90 days). The settlement dates generally coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

NOTE 36. FINANCIAL RISK MANAGEMENT / CONTINUED**a) Market risk / continued****ii) Interest rate risk / continued***Cash*

Cash held exposes Mirvac to cash flow interest rate risk.

Receivables

Mirvac's exposure to interest rate risk for current and non-current receivables is set out in the following tables.

	Floating interest rate \$'000	Fixed interest maturing in					Non interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000		
2009								
Trade receivables	–	–	–	–	–	–	85,115	85,115
Related party receivables	24,958	–	24,308	–	9,047	–	99,993	158,306
Loans to Directors and employees	–	–	–	–	–	–	7,513	7,513
Other receivables	–	166	20,408	2,480	–	–	178,614	201,668
	24,958	166	44,716	2,480	9,047	–	371,235	452,602
2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	–	–	–	–	–	–	95,913	95,913
Related party receivables	–	2,916	2,920	–	–	12,729	167,915	186,480
Loans to Directors and employees	–	–	–	–	–	–	4,003	4,003
Amounts owing on sale of development property	–	–	–	–	–	–	13,500	13,500
Other receivables	56,148	29,350	–	–	–	–	107,307	192,805
	56,148	32,266	2,920	–	–	12,729	388,638	492,701

Sensitivity analysis

Mirvac's interest rate risk exposure arises from long-term borrowings, cash held in financial institutions and receivables. Based upon a 100 basis point increase or decrease in Australian interest rates and 25 basis points increase or decrease in US or United Kingdom interest rates, the impact on profit after tax has been calculated taking into account all underlying exposures and related derivatives. This sensitivity has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates.

The impact on the Group's result of a 100 basis point increase in interest rates would be a increase in profit of \$29,446,908 (2008: decrease of \$234,000). The impact on Mirvac's result of a 100 basis point decrease in interest rates would be a decrease in profit of \$35,118,143 (2008: decrease of \$2,190,000).

The interest rate sensitivities vary on an increase/decrease 100 basis point movement in interest rates due to the interest rate optionality of a small number of derivatives.

iii) Price risk

The Group is exposed to equity price risk arising from an equity investment (note 10). The equity investment is held for the purpose of selling in the near term.

As this investment is not listed, the Fund Manager provides a unit price each six months. At reporting date, if the unit price had been 5 per cent higher or lower, the effect on net profit for the year would have been \$924,000 (2008: \$963,000). This investment represents less than 1 per cent of Mirvac's net assets and therefore represents minimal risk to the Group.

NOTE 36. FINANCIAL RISK MANAGEMENT / CONTINUED

b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause a financial loss. Mirvac has exposures to credit risk on cash and cash equivalents, receivables and derivative financial assets, the maximum exposure to credit risk is based on the total value of the Group's financial assets, net of any provisions for loss, as shown in note 8.

To help manage this risk the Group has a policy for establishing credit limits for the entities dealt with which is based on the size or previous trading experience of the entity. Based upon the size or previous trading experience, Mirvac may require collateral, such as bank guarantees in relation to the investment property, leases or deposits taken on residential sales. Mirvac may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Mirvac provides a guarantee for another party. Details of the Group's contingent liabilities are disclosed in note 31.

The credit risk arising from derivatives transactions and cash held in financial institutions exposes the Group if the contracting entity is unable to complete its obligations under the contracts. Mirvac's policy is to spread the amount of net credit exposure among major financial institutions which are rated the equivalent A or above from the major rating agencies.

Mirvac's net exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counter parties.

Refer to note 8 for the managing of credit risk relating to receivables.

c) Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions, the ability to raise funds through the issue of new securities through various means including placements and/or Mirvac's Dividend Reinvestment Plan. Mirvac prepares and updates regular forecasts of the Group's liquidity requirements to ensure that committed credit lines are kept available in order to take advantage of growth opportunities. Surplus funds are generally only invested in highly liquid instruments. The parent entity's financial liabilities are largely inter-company loan balances with entities within the Group as such these balances do not pose any liquidity risk to Mirvac.

Mirvac has minimal liquidity risk due to there being only \$422.6 million of current borrowings (which expire between February 2010 and June 2010) and undrawn facilities of \$1.1 billion. It is expected that these expiring facilities will be paid out of cash balances held.

d) Capital risk management

Mirvac's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for securityholders and benefits for other stakeholders, and to maintain an optimal capital structure including maintaining an investment grade credit rating of BBB to reduce the cost of capital having regard to the real estate activities the Group invests in.

The capital structure of the Group consists of debt and equity. The mix of debt and equity is measured by reference to the Group's gearing ratio not to exceed 30 per cent. At 30 June 2009 the gearing ratio (net debt to total assets less cash) was 19.3 per cent. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to securityholders, return capital to securityholders or issue new shares.

Mirvac prepares quarterly Balance Sheet, Income Statement and Cashflow updates for the current financial year and five year forecasts. These forecasts are used to monitor the Group's capital structure and future capital requirements, taking into account future market conditions.

AFSL ratio and Queensland Building licences ratios have been complied with as at 30 June 2009. Mirvac has complied with borrowing covenant ratios as at 30 June 2009.

NOTE 36. FINANCIAL RISK MANAGEMENT / CONTINUED

d) Capital risk management / continued

The gearing ratios were as follows:

	Consolidated	
	2009 \$'000	2008 \$'000
Net interest bearing debt less cash ¹	1,248,087	2,421,955
Total assets less cash	6,477,083	7,463,502
Gearing ratio	19.3%	32.5%

1) US denominated borrowings translated at cross currency instrument rate.

Mirvac's maturity of net and gross settled derivative financial instruments are provided in the following table. No derivatives are held by the parent. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Maturing in						
	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'000	Total \$'000
2009							
Non-interest bearing							
Payables	226,573	43,724	–	–	–	–	270,297
Interest bearing							
Unsecured bank loans	31,854	149,884	931,955	–	–	–	1,113,693
Medium term notes	323,681	204,432	–	–	–	–	528,113
Foreign medium term notes	25,225	25,617	26,395	26,902	27,138	546,675	677,952
Secured bank loans	126,070	–	–	–	–	–	126,070
Derivatives							
Net settled (interest rate swaps)	32,646	14,970	(2,089)	(5,414)	(3,927)	(8,799)	27,387
Fixed to floating swaps	(9,459)	(2,318)	–	–	–	–	(11,777)
Gross settled (cross currency swaps)							
– Outflow	22,127	28,676	35,743	38,597	37,995	616,417	779,555
– (Inflow)	(25,225)	(25,617)	(26,395)	(26,902)	(27,138)	(546,675)	(677,952)
Total	753,672	439,368	965,609	33,183	34,068	607,618	2,833,338
2008							
Non-interest bearing							
Payables	325,389	16,385	–	–	–	–	341,774
Interest bearing							
Unsecured bank loans	93,346	1,315,188	–	–	–	–	1,408,534
Commercial notes	132,496	–	–	–	–	–	132,496
Medium term notes	38,000	330,442	202,624	–	–	–	571,066
Foreign medium term notes	22,172	22,548	22,782	22,949	23,047	872,778	986,276
Secured bank loans	5,628	77,386	–	–	–	–	83,014
Derivatives							
Net settled (interest rate swaps)	3,590	1,538	(2,246)	–	–	–	2,882
Gross settled (cross currency swaps)							
– Outflow	45,964	43,131	43,003	43,613	41,420	1,009,242	1,226,373
– (Inflow)	(22,172)	(22,548)	(22,782)	(22,949)	(23,047)	(872,778)	(986,276)
Total	644,413	1,784,070	243,381	43,613	41,420	1,009,242	3,766,139

NOTES TO THE FINANCIAL STATEMENTS

NOTE 37. REMUNERATION OF AUDITORS

PricewaterhouseCoopers ("PwC") earned the following remuneration from Mirvac during the year:

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
a) Assurance services				
Audit services				
Audit and review of financial reports				
Australian firm	1,500,000	1,389,380	-	-
Amounts paid in 2009 relating to 2008	-	300,000		
Total remuneration for audit services	1,500,000	1,689,380	-	-
Other assurance and advisory services				
Australian firm				
Compliance services and regulatory returns	404,000	469,000	-	-
Financial due diligence and transactions	411,340	826,000	-	-
	815,340	1,295,000	-	-
Related practices of PwC Australia				
Financial due diligence and transactions	-	598,000	-	-
	-	598,000	-	-
Total remuneration for other assurance services	815,340	1,893,000	-	-
Total remuneration for assurance services	2,315,340	3,582,380	-	-
b) Taxation services				
Tax compliance services				
Australian firm	146,704	1,141,000	-	-
Related practices of PwC Australia	-	398,000	-	-
Total remuneration for taxation services	146,704	1,539,000	-	-

NOTE 38. NOTES TO THE CASH FLOW STATEMENT

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
a) Reconciliation of cash				
Cash at the end of the financial year as shown in the statement of cash flows is the same as the Balance Sheet, the detail of which follows				
- Cash on hand	238	288	-	-
- Cash at bank	150,134	28,865	117,373	8,038
- Deposits at call	746,169	120	65,000	-
Cash and cash equivalents	896,541	29,273	182,373	8,038

NOTE 38. NOTES TO THE CASH FLOW STATEMENT / CONTINUED

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
b) Reconciliation of net cash inflows/(outflows) from operating activities to profit after tax				
(Loss)/profit after tax	(1,078,101)	175,394	(7,810)	959
Net loss from fair value adjustments on investment properties	487,203	(146,270)	-	-
Depreciation and amortisation	28,256	27,728	-	-
Provision for loss on inventory	186,506	219,871	-	-
(Profit)/loss on sale of non-current assets	(940)	(107,982)	-	-
Share based payments expense	7,112	7,127	-	-
Unrealised gain on financial instruments	37,967	(333)	-	-
Unrealised gain on foreign exchange	72,561	5,120	-	-
Impairment of goodwill, management rights and other intangibles	273,645	95,020	-	-
Impairment of investments including associates and joint ventures	41,596	-	-	-
Impairment of loans	59,386	-	-	-
Share of net loss of associates and joint ventures not received as distributions	157,995	50,208	-	-
Dividends from joint venture partnerships	39,303	77,897	-	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity				
- (Decrease)/increase in income taxes payable	56,873	(23,312)	47,713	(12,230)
- (Decrease) in tax effected balances	(83,761)	(11,635)	(6,831)	(647)
- Decrease in receivables	61,210	82,948	1,273	19,336
- Increase in inventories	(88,237)	(276,144)	-	-
- (Increase)/decrease in other assets/liabilities	(7,180)	10,528	(238)	4,135
- (Increase) in financial assets	(26,250)	(1,648)	(19,778)	(6,493)
- (Decrease) in creditors	(156,248)	(64,676)	(369)	(43,526)
- Increase/(decrease) in provisions for employee entitlements	(20,852)	1,079	-	-
Net cash inflows/(outflows) from operating activities	48,044	120,920	(13,960)	(38,466)

NOTE 39. ACQUISITION OF BUSINESSES
Mirvac Pacific Pty Limited

Mirvac acquired the remaining 50 per cent interest in Mirvac Pacific Pty Limited for a consideration of \$16,021,890 on 30 January 2009.

Details of the preliminary fair value of the net assets acquired and goodwill arising on acquisition of the remaining 50 per cent interest are as follows:

	\$'000
Purchase consideration	16,022
Less: Fair value of net identifiable assets acquired	(16,022)
Goodwill	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 39. ACQUISITION OF BUSINESSES / CONTINUED

Mirvac Pacific Pty Limited / continued

	100% Acquiree's carrying amount \$'000	100% Fair value \$'000
Assets and liabilities acquired on 30 January 2009		
Cash and cash equivalents	315	315
Receivables	642	642
Property, plant and equipment	315	315
Inventories	159,738	142,586
Deferred tax assets	3,579	5,146
Other assets	3,133	495
	167,722	149,499
Payables	(33,147)	(65,264)
Borrowings	(89,935)	(57,670)
Deferred tax liabilities	(3,550)	(4,544)
Other liabilities	(521)	(521)
	(127,153)	(127,999)
Fair value of identifiable net assets		21,500
Goodwill		–
		21,500
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration		10,075
Less: Balances acquired		(315)
Add: Bank overdraft		–
Net cash outflow		9,760

From the date of acquisition Mirvac Pacific Pty Limited has contributed a loss of \$18,639 to the net profit before tax to the Group.

If the acquisition had taken place at the beginning of the financial year, the net profit before tax for the Group would have decreased by \$21,645 and revenue from continuing operations would not have increased.

Mirvac UK Property Limited

Mirvac UK Limited acquired the remaining 50 per cent interest in Mirvac UK Property Limited (formerly Chantrey Limited) and Mirvac UK Funds Management Limited (formerly Chantrey Funds Management Limited) for a consideration of \$1.7 million (£0.8 million) on 1 July 2008.

Details of the preliminary fair value of the net assets acquired and goodwill arising on acquisition of the remaining 50 per cent interest are as follows:

	\$'000
Purchase consideration	1,723
Less: Fair value of net identifiable assets acquired	(86)
Goodwill	1,637

In addition to the \$1,637,000 of goodwill arising on 1 July 2008, a further \$4,375,000 of goodwill has been recognised on consolidation of the investment already held in Mirvac UK Property Limited and Mirvac UK Funds Management Limited, giving a total goodwill balance of \$6,012,000.

NOTE 39. ACQUISITION OF BUSINESSES / CONTINUED**Mirvac UK Property Limited / continued**

	100% Acquiree's carrying amount \$'000	100% Fair value \$'000
Assets and liabilities acquired at 1 July 2008		
Property, plant and equipment	335	335
Receivables	449	450
Other assets	407	724
Total assets	1,191	1,509
Bank overdraft	(611)	(611)
Payables	(187)	(188)
Deferred income tax liability	–	(95)
Other liabilities	(439)	(438)
Total liabilities	(1,237)	(1,332)
Fair value of net identifiable assets acquired		177
Goodwill		6,012
		6,189
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration		1,723
Less: Balances acquired		–
Add: Bank overdraft		611
Net cash outflow		2,334

A final payment amount relating to the acquisition is due to be made on 1 October 2010. The amount payable is based on a pre-determined formula using FUM and EBITDA derived over the period 1 July 2008 – 30 June 2010. As at the date of this financial report no provision had been made as the final payment amount is unable to be reliably measured. When this payment amount is brought to account it will be treated as a component of the goodwill arising on the acquisition.

From the date of acquisition Mirvac UK Property Limited and Mirvac UK Funds Management Limited have contributed to the Group \$1,522,720 in revenues and a loss before tax of \$3,872,700.

NOTE 40. EVENTS OCCURRING AFTER REPORTING DATE**Other events**

No other circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of Mirvac, the results of those operations, or the state of affairs of Mirvac in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

- a) the financial statements and the notes set out on pages 35 to 115 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of there performance for the financial year ended on that date; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 15 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 15.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



N R Collishaw
Director

Sydney
25 August 2009

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Mirvac Limited



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REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Mirvac Limited (the company), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Mirvac Limited and the Mirvac Group (the consolidated entity). The consolidated entity comprises both the company and the entities it controlled at the year's end, including Mirvac Funds Limited as responsible entity for Mirvac Property Trust and the entities it controlled at the year's end, or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Mirvac Limited



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Facsimile +61 2 8266 9999

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- a) the financial report of Mirvac Limited is in accordance with the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b) the consolidated financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 12 to 23 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Mirvac Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read 'R L Gavin'.

R L Gavin

Partner

Sydney

25 August 2009

STAPLING OF SECURITIES

Mirvac was originally formed by the “stapling” of the securities of three listed entities being Mirvac Limited, Capital Property Trust and Mirvac Property Trust in June 1999, by way of a scheme of arrangement.

In 2001/02 Mirvac was simplified by Mirvac Property Trust acquiring all the units in the Capital Property Trust (which by then had been renamed Mirvac Commercial Trust), such that the resulting stapled structure consisted of one Mirvac Limited share stapled to one Mirvac Property Trust unit. This stapled structure remains in place today. Further details may be found under History in the Investor Information section of Mirvac’s website – www.mirvac.com.

SECURITIES EXCHANGE LISTING

Mirvac’s stapled securities are quoted on the ASX, trading under the code: MGR. The stapled securities cannot be dealt with or traded separately.

There are currently 2,805,460,371 stapled securities on issue.

The stapled security price is reported daily in the Industrial Share table in the Market trading data published in daily newspapers. The stapled security price may also be accessed on Mirvac’s website or at www.asx.com.au.

For the purpose of ASX Listing Rule 4.10, unless otherwise stated, the information in this section is current as at 10 September 2009.

SECURITYHOLDER ENQUIRIES

Securityholders with queries concerning their holding, distribution payments or related matters should contact Mirvac’s registry:

Link Market Services Limited

Level 12
680 George Street
Sydney NSW 2000

Telephone +61 2 8280 7100
Facsimile +61 2 9287 0303
www.linkmarketservices.com.au
Investor Enquiries 1800 356 444

When contacting the registry please quote your current address details together with your Security Reference Number (“SRN”) or Holder Identification Number (“HIN”) as shown on your Issuer Sponsored or CHESS statements.

Mirvac’s website, in the Investor Information section, is also a useful reference point for Securityholders.

Securityholders who wish to advise the registry of a change of address or change of other details should do so in writing to Mirvac’s registry or online at www.mirvac.com.

DISTRIBUTION PAYMENTS

Directors propose to pay distributions to Securityholders quarterly in January, April, July and October of each year.

Securityholders are encouraged to receive their distributions electronically, rather than by cheque, as a secure and efficient means of payment. Distributions can be paid directly into any bank, building society or credit union account in Australia.

Payments are electronically credited on the day the distribution is paid and confirmed by mailed payment advice. Securityholders wishing to use this facility should contact Mirvac’s registry.

A distribution history is available in the Investor Information section of Mirvac’s website.

PROVISION OF INFORMATION TO SECURITYHOLDERS

Mirvac publishes, and posts to its website, its Annual Report in October each year. Full financial statements are lodged with the ASX and ASIC (under dual lodgement) and are also available within the Investor Information section of Mirvac’s website. Other reports available within this section include Mirvac’s Preliminary Final Report (“Appendix 4E”) released in August of each year, Half Year Reports released in February of each year, Property Compendium and relevant research reports and presentations.

Mirvac is very conscious of the environmental impact of printing and dispatching hard copies of its Annual Report and encourages all Securityholders to receive communications from the Group by email if possible. The provision of information by Mirvac to its Securityholders by email is immediate and secure, as well as providing significant cost savings particularly in printing and postage.

Securityholders can elect to receive the following communications electronically:

- Notices of Meetings and online Proxy voting; and
- Major market announcements.

Securityholders who wish to register their email address should contact Mirvac’s registry.

Following the changes to the *Corporations Act 2001 (Cth)* enacted by the Federal Government in 2007, and consistent with Mirvac’s commitment to the environment and sustainable practices, the Group now provides its Annual Report to all Securityholders online, with a hard copy of the Report only provided to Securityholders who specifically request to receive a copy in this form.

All Securityholders receive Notices of Meetings, Proxy forms and other communications either electronically or in hard copy form, as requested, regardless of whether or not they have elected to receive the Annual Report in hard copy.

SECURITYHOLDER INFORMATION

SUBSTANTIAL SECURITYHOLDERS

As recorded in Mirvac's register as at 10 September 2009.

Name	Date of last notice received	Number of stapled securities	Percentage of issued capital ¹
Commonwealth Bank of Australia and its subsidiaries	4/09/09	177,668,390	6.33
ING Group	2/06/09	99,580,804	5.84
The Vanguard Group, Inc.	15/06/09	136,891,338	5.16

1) Percentage of issued capital held as at date notice provided.

RANGE OF SECURITY HOLDINGS

As at 10 September 2009.

Range	Number of holders	Number of securities
100,001 and over	311	2,577,623,653
10,001 to 100,000	6,199	144,685,756
5,001 to 10,000	6,411	47,096,939
1,001 to 5,000	11,695	33,069,919
1 to 1,000	5,977	2,984,104
Total number of Securityholders	30,593	2,805,460,371

20 LARGEST SECURITYHOLDERS

The 20 largest Securityholders on Mirvac's register as at 10 September 2009 are:

Name	Number of stapled securities	Percentage of issued capital
National Nominees Limited	646,441,945	23.04
HSBC Custody Nominees (Australia) Limited	597,012,609	21.28
J P Morgan Nominees Australia Limited	516,117,654	18.41
Citicorp Nominees Pty Limited	174,148,017	6.21
ANZ Nominees Limited	72,738,700	2.59
AMP Life Limited	60,632,065	2.16
Cogent Nominees Pty Limited	55,963,326	1.99
Citicorp Nominees Pty Limited	54,513,238	1.94
Queensland Investment Corporation	28,152,538	1.00
Cogent Nominees Pty Limited	24,877,658	0.89
RBC Dexia Investor Services Australia Nominees Pty Limited	21,367,643	0.76
HSBC Custody Nominees (Australia) Limited	18,494,871	0.66
Bond Street Custodians Limited	16,030,218	0.57
Cogent Nominees Pty Limited	14,999,000	0.54
Citicorp Nominees Pty Limited	13,579,491	0.48
UBS Wealth Management Australia Nominees Pty Limited	13,289,740	0.47
Citicorp Nominees Pty Limited	12,520,000	0.45
HSBC Custody Nominees (Australia) Limited	11,002,281	0.39
Bond Street Custodians Limited	10,631,672	0.38
Citicorp Nominees Pty Limited	10,256,478	0.37
Total for 20 largest Securityholders	2,372,769,144	84.58
Total other investors	432,691,227	15.42
Total stapled securities on issue	2,805,460,371	100

Number of Securityholders holding less than a marketable parcel: 2,104.

VOTING RIGHTS

Subject to the Constitutions of Mirvac Limited and of Mirvac Property Trust and to any rights or restrictions for the time being attached to any class of shares or stapled securities:

- on a show of hands, each Member present in person and each other person present as a proxy, Attorney or Representative of a Member has one vote; and
- on a poll, each Member present in person has one vote for each fully paid stapled security held by the Member, and each person present as proxy, Attorney or Representative of a Member has one vote for each fully paid stapled security held by the Member that the person represents.

DIRECTORY

Annual General Meeting

Mirvac's 2009 Annual General Meeting/General Meeting will be held at 10.00am (Sydney time) on Thursday 19 November 2009 in the Harbour Watch Room, The Sebel Pier One, 11 Hickson Road, Dawes Point, NSW 2000.

Financial calendar

30 September 2009: Record date to determine entitlements for September quarter 2009 distribution

30 October 2009: September quarter 2009 distribution paid

19 November 2009: Annual General Meeting

31 December 2009: Half year end

16 February 2010: Half year release

30 June 2010: Full year end

17 August 2010: Full year release

Some dates are indicative only and may be subject to change.

Registered office/principal office

Level 26

60 Margaret Street

Sydney NSW 2000

Telephone +61 2 9080 8000

Facsimile +61 2 9080 8111

Securities exchange listing

Australia (ASX Code: MGR)

Directors

Mr James MacKenzie (Chairman)

Mr Nick Collishaw (Managing Director)

Mr Paul Biancardi (Deputy Chairman)

Mr Adrian Fini

Mr Peter Hawkins

Ms Penny Morris

General Counsel and Company Secretary

Ms Sonya Harris

Stapled security registry

Link Market Services Limited

Level 12, 680 George Street

Sydney NSW 2000

Telephone +61 2 8280 7100

Facsimile +61 2 9287 0303

Enquiries 1800 356 444

Auditor

PricewaterhouseCoopers

201 Sussex Street

Sydney NSW 2000



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Electronic version of Annual Report

An electronic version of this report is available on Mirvac's website www.mirvac.com.

Securityholders who do not require a printed Annual Report, or who receive more than one copy due to multiple holdings, can help reduce the number of copies printed by advising the Share Register in writing of changes to their Report mailing preferences.

Securityholders who choose not to receive printed Reports will continue to receive all other shareholder information, including Notices of Securityholders' Meetings.

